CHAPTER 177

HOUSE Substitute for SENATE BILL No. 11

AN ACT concerning public health; enacting the foundations of health reform of 2007; relating to administration, review and expansion of state medicaid plans and programs; amending the pharmacy act and the physical therapy practice act; relating to health care information; adult care homes and facilities for safety net clinics; amending K.S.A. 40-2123, 46-2601, 65-1,172, 65-1627, 65-1645, 65-1655 and 65-3505 and K.S.A. 2006 Supp. 60-4403, 65-180, 65-1626, 65-1635a, 65-1643, 65-2901, 65-2912, 75-2973, 75-4319 and 75-7408 and repealing the existing sections; also repealing K.S.A. 39-719d and K.S.A. 2006 Supp. 65-1626c.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. The Kansas health policy authority in consultation with the joint committee on health policy oversight shall consider as part of the health reform in Kansas various medicaid reform options including, but not limited to: The experience of other states, long-term care, waste, fraud and abuse, health opportunity accounts, tax credits, vouchers and premium assistance, and wellness as provided through the federal deficit reduction act of 2005. Such medicaid reforms should result in improved health outcomes for medicaid recipients, long-term cost controls and encourage primary and preventive care which will result in cost savings for the state.

New Sec. 2. (a) On or before November 1, 2007, the Kansas health policy authority shall develop and deliver to the governor, the joint committee on health policy oversight, the speaker of the house of representatives, the majority leader of the house of representatives, the minority leader of the house of representatives, the president of the senate, the majority leader of the senate and the minority leader of the senate, health care finance reform options for enactment by the legislature during the 2008 regular session, including an analysis of a Kansas health care insurance connector, a model for a voluntary health insurance connector, and draft legislation for the proposed health care finance reform options. In developing such options, the Kansas health policy authority shall solicit and consider information and recommendations from advisory committees established under subsection (c) of K.S.A. 75-7403, and amendments thereto, and shall advise and consult with the joint committee on health policy oversight regularly and on a continuing basis. The Kansas health policy authority shall develop and analyze other pertinent initiatives and policies designed to increase access to affordable health insurance and to otherwise promote health in developing the options.

(b) The Kansas health policy authority shall analyze and develop health care finance reform options with the goals of (1) financing health care and health promotion in a manner that is equitable, seamless and sustainable for consumers, providers, purchasers and government, (2) promoting market-based solutions that encourage fiscal and individual responsibility, (3) protecting the health care safety net in the development of such options, (4) facilitate purchasing of health insurance, and facilitating access to private sector health insurance by small businesses and individuals.

(c) The Kansas health policy authority shall identify and analyze policies that are designed to increase portability, to increase individual ownership of health care policies, to utilize pre-tax dollars for the purchase of health insurance, and to expand consumer responsibility for making health care decisions.

(d) The Kansas health policy authority shall obtain economic and actuarial analyses by an entity or entities that are recognized as having specific experience in the subject matter of all health care finance reform options proposed under subsection (a) to determine (1) the economic impact of proposed reforms on consumers, providers, purchasers, businesses and government and (2) the number of uninsured Kansans who have the potential to receive coverage as a result of the options proposed under subsection (a).

(e) The Kansas health policy authority shall investigate and identify possible public funding sources for the options proposed under subsection (a), including medicaid and other federal programs, specifically including possible waivers to specific federal program requirements.

(f) In collaboration with the United States department of health and human services, the Kansas health policy authority shall investigate (1)

the development and availability of federal affordable choices initiatives funding, (2) waiver and funding opportunities under the federal deficit reduction act of 2005, and (3) waivers under the federal health insurance flexibility and accountability demonstration initiative to expand health services to low income populations. To the extent feasible, the Kansas health policy authority shall include such federal programs in the options proposed under subsection (a).

(g) In collaboration with the commissioner of insurance, the Kansas health policy authority shall analyze the potential for reinsurance and state subsidies for reinsurance as mechanisms to reduce premium volatility in the small group insurance market, to increase predictability in premium trends, to lower costs and to increase coverage as a component of the options proposed under subsection (a).

New Sec. 3. (a) The Kansas department of insurance shall conduct a study on the impact of extending continuation benefits under COBRA for a period of 18 months pursuant to K.S.A. 40-19c06, and amendments thereto, and other applicable statutes and other policy changes to make health insurance more competitive, affordable and portable. The commissioner of insurance shall prepare a report on its findings and present such report to the Kansas health policy authority and the joint committee on health policy oversight.

(b) The legislative coordinating council shall appoint a legislative study committee during the 2007 interim period to study and review various options for tax credits and benefits for the purchase of long-term care insurance, health earned income tax credits, health insurance and health savings accounts.

Sec. 4. K.S.A. 2006 Supp. 75-7408 is hereby amended to read as follows: 75-7408. (a) On and after July 1, 2006, the Kansas health policy authority shall coordinate health care planning, administration, and purchasing and analysis of health data for the state of Kansas with respect to the following health programs administered by the state of Kansas:

(1) Developing, implementing, and administering programs that provide medical assistance, health insurance programs, or waivers granted thereunder for persons who are needy, uninsured, or both, and that are financed by federal funds or state funds, or both, including the following:

(A) The Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto;

(B) the health benefits program for children established under K.S.A. 38-2001 et seq., and amendments thereto, and developed and submitted in accordance with federal guidelines established under title XXI of the federal social security act, section 4901 of public law 105-33, 42 U.S.C.§ 1397aa et seq., and amendments thereto;

(C) any program of medical assistance for needy persons financed by state funds only, to the extent appropriations are made for such a program;

(D) the working healthy portion of the ticket to work program under the federal work incentive improvement act and the medicaid infrastructure grants received for the working healthy portion of the ticket to work program; ~~and~~

(E) the medicaid management information system (MMIS); and

(F) a phased-in premium assistance plan to assist eligible low income Kansas residents with the purchase of private insurance or other benefits that are actuarially equivalent to the Kansas state employee health plan under a program authorized under subsection (a)(1). In program years one and two, subject to appropriation of funds and other eligibility requirements, eligible participants shall consist of families at and under 50% of the federal poverty level. Subject to appropriation of funds and other eligibility requirements, eligible participants in program year three shall consist of families at and under 75% of the federal poverty level. Subject to appropriation of funds and other eligibility requirements, eligible participants in program year four shall consist of families at and under 100% of the federal poverty level. The Kansas health policy authority is authorized to seek any approval from the centers for medicare and medicaid services necessary to accomplish the development or expansion of premium assistance programs for families;

(2) the restrictive drug formulary, the drug utilization review program, including oversight of the medicaid drug utilization review board, and the electronic claims management system as provided in K.S.A. 39-

7,116 through 39-7,121 and K.S.A. 2006 Supp. 39-7,121a through 39-7,121e, and amendments thereto; and

(3) administering any other health programs delegated to the Kansas health policy authority by the governor or by a contract with another state agency.

(b) Except to the extent required by its single state agency role as designated in K.S.A. 2006 Supp. 75-7409, and amendments thereto, or as otherwise provided pursuant to this act the Kansas health policy authority shall not be responsible for health care planning, administration, purchasing and data with respect to the following:

(1) The mental health reform act, K.S.A. 39-1601 et seq., and amendments thereto;

(2) the developmental disabilities reform act, K.S.A. 39-1801 et seq., and amendments thereto;

(3) the mental health program of the state of Kansas as prescribed under K.S.A. 75-3304a, and amendments thereto;

(4) the addiction and prevention services prescribed under K.S.A. 65-4001 et seq., and amendments thereto; or

(5) any institution, as defined in K.S.A. 76-12a01, and amendments thereto.

New Sec. 5. The provisions of sections 5 through 11 and amendments thereto shall be known and may be cited as the primary care safety net clinic capital loan guarantee act.

New Sec. 6. As used in the primary care safety net clinic capital loan guarantee act:

(a) "Act" means the primary care safety net clinic capital loan guarantee act;

(b) "community health center" means an entity that receives funding under section 330 of the federal health center consolidation act of 1996 and meets all of the requirements of 42 USC section 254b, relating to serving a population that is medically underserved, or a special medically underserved population comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing, by providing, either through staff and supporting resources of the center or through contracts or cooperative arrangements, all required primary health services as defined by 42 USC section 254b;

(c) "federally-qualified health center look-alike" means an entity which has been determined by the federal health resources and services administration to meet the definition of a federally qualified health center as defined by section 1905(l)(2)(B) of the federal social security act, but which does not receive funding under section 330 of the federal health center consolidation act of 1996;

(d) "financial institution" means any bank, trust company, savings bank, credit union or savings and loan association or any other financial institution regulated by the state of Kansas, any agency of the United States or other state with an office in Kansas which is approved by the secretary for the purposes of this act;

(e) "indigent health care clinic" means an outpatient medical care clinic operated on a not-for-profit basis which has a contractual agreement in effect with the secretary of health and environment under K.S.A. 75-6120 and amendments thereto to provide health care services to medically indigent persons;

(f) "loan transaction" means a transaction with a financial institution or the Kansas development finance authority to provide capital financing for the renovation, construction, acquisition, modernization, leasehold improvement or equipping of a primary care safety net clinic;

(g) "medically indigent person" means a person who lacks resources to pay for medically necessary health care services and who meets the eligibility criteria for qualification as a medically indigent person established by the secretary of health and environment under K.S.A. 75-6120 and amendments thereto;

(h) "primary care safety net clinic" means a community health center, a federally-qualified health center look-alike or an indigent health care clinic; and

(i) "secretary" means the secretary of health and environment.

New Sec. 7. (a) The secretary is hereby authorized to enter into agreements with primary care safety net clinics, financial institutions, the Kansas development finance authority and other public or private entities, including agencies of the United States government to provide capital

loan guarantees against risk of default for eligible primary care safety net clinics in Kansas in accordance with this act. Except as provided in section 10, and amendments thereto, for payment for a loan guarantee for which the primary care safety net clinic loan guarantee fund is liable, no claim against the state under this act shall be paid by the state, the secretary of health and environment or any other state agency other than pursuant to an appropriation act of the legislature after such claim has been filed with and considered by the joint committee on special claims against the state.

(b) To be eligible for a capital loan guarantee under this act, a primary care safety net clinic shall offer a sliding fee discount for health care and other services provided that is based upon household income and shall serve all persons regardless of ability to pay. The policies to determine patient eligibility based upon income or insurance status may be determined by each primary care safety net clinic, but shall be posted in the primary care safety net clinic and available to potential patients. The patient eligibility policies of a primary care safety net clinic shall reflect the mission of the primary care safety net clinic to provide affordable, accessible primary care to underserved populations in Kansas to be eligible for a capital loan guarantee under this act.

(c) The secretary shall administer the provisions of this act and shall adopt rules and regulations which the secretary deems necessary for the implementation or administration of this act. The loan guarantee agreement with the secretary shall include reporting requirements and financial standards that are appropriate for the type of loan for the borrower. The secretary may enter into contracts that the secretary deems necessary for the implementation or administration of this act. The secretary may impose fees and charges as may be necessary to recover costs incurred for the administration of this act.

New Sec. 8. (a) Each agreement entered into by the secretary to guarantee against default on a loan transaction shall be backed by the primary care safety net capital loan guarantee fund and shall receive prior approval by the primary care safety net clinic loan guarantee review committee established under section 9, and amendments thereto.

(b) Each loan transaction eligible for a guarantee under this act shall be for renovation, construction, acquisition, modernization, leasehold improvement or equipping of a primary care safety net clinic. Eligible costs may include land and building purchases, renovation and new construction costs, equipment and installation costs, pre-development costs that may be capitalized, financing, capitalized interest during construction, limited working capital during a start-up phase and consultant fees which do not include staff costs.

(c) The aggregate principal amount of outstanding loan guarantees for any single borrowing organization shall not exceed $3,000,000. The aggregate outstanding amount of all loan guarantees for borrowing organizations, under this act shall not exceed $15,000,000 at any time.

(d) Eligible tax-exempt bonds or conventional loans may be guaranteed up to 100% under this act, subject to the other provisions of this act and the rules and regulations adopted by the secretary of health and environment therefor. Each eligible loan transaction shall require an equity investment by the borrowing organization and shall have a loan-to-value ratio of at least 66%.

(e) The maximum term for an eligible loan transaction under this act for machinery or equipment shall be 10 years. The maximum term for an eligible loan transaction under this act for renovation, remodeling or leasehold improvements shall be 10 years. The maximum term for an eligible loan transaction under this act for new construction or land acquisition shall be 25 years.

New Sec. 9. (a) There is hereby established the primary care safety net clinic loan guarantee review committee within the department of health and environment. The committee shall consist of five members.

(b) The members of the primary care safety net clinic loan guarantee review committee shall be appointed by the secretary in accordance with the following: (1) Two members shall be representatives of the department of health and environment selected by the secretary, (2) one member shall be appointed by the secretary who is nominated by the Kansas development finance authority, (3) one member shall be appointed by the secretary who is nominated by the Kansas health policy authority, and (4) one member shall be appointed by the secretary who is nominated by the Kansas association for the medically underserved.

(c) The secretary may appoint persons as members of the primary care safety net clinic loan guarantee review committee who are officers or employees of the agencies or organizations they are nominated by or that they are appointed to represent. Not more than three members of the committee shall be affiliated with the same political party. Members shall serve at the pleasure of the secretary.

(d) The primary care safety net clinic loan guarantee review committee shall review all proposals for loan financing guarantees under this act and shall approve those proposals that the committee deems to represent reasonable risks and to have a sufficient likelihood of repayment. The committee shall advise the secretary on matters regarding the administration of this act when requested by the secretary and may provide such advice when deemed appropriate by the committee.

(e) The secretary or the secretary's designee shall serve as a nonvoting chairperson of the primary care safety net clinic loan guarantee review committee, and the committee shall annually elect a vice-chairperson from among its members. The committee shall meet upon call of the chairperson or upon call of any two of its members. Three voting members shall constitute a quorum for the transaction of business.

(f) Members of the primary care safety net clinic loan guarantee review committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

New Sec. 10. (a) Subject to appropriations there is hereby established the primary care safety net clinic loan guarantee fund in the state treasury for the purposes of facilitating the financing for the acquisition and modernization of primary care safety net clinics in Kansas and the refinancing of capital improvements and acquisition and installation of equipment therefor. The primary care safety net clinic loan guarantee fund shall be administered by the secretary. All moneys in the primary care safety net clinic loan guarantee fund shall be used to provide guarantees against capital loan risks in accordance with this act and to pay for the administrative costs associated with the act as may be certified by the secretary. All expenditures from the primary care safety net clinic loan guarantee fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or the secretary's designee.

(b) All fees and charges imposed by the secretary and other moneys received by the secretary for the purposes of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the primary care safety net clinic loan guarantee fund.

(c) Upon certification by the secretary to the director of accounts and reports that the unencumbered balance in the primary care safety net clinic loan guarantee fund is insufficient to pay an amount for a loan guarantee for which the fund is liable under this act, the director of accounts and reports shall transfer an amount equal to the insufficiency from the state general fund to the primary care safety net clinic loan guarantee fund. The secretary shall transmit a copy of each such certification to the director of the budget and to the director of legislative research at the same time that the secretary submits a certification to the director of accounts and reports under this subsection.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the primary care safety net clinic loan guarantee fund interest earnings based on:

(1) The average daily balance of moneys in the Kansas export loan guarantee fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

New Sec. 11. The secretary shall prepare an annual report of the loan guarantee activity under this act, including new loans, loan repayment status and other relevant information regarding activities under this act and shall submit the report of its activities to the legislature at the beginning of each regular session by submitting the annual report to the committee on ways and means of the senate, or to the appropriate subcommittee thereof, or to its successor committee, and to the committee on appropriations of the house of representatives, or to the appropriate

budget committee, or its successor committee.

New Sec. 12. (a) All third parties, including health insurers, self-insured plans, group health plans (as defined in section 607(1) of the employee retirement income security act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers or other parties that are, by statute, contract or agreement, legally responsible for payment of a claim for a health care item or service to pay for care and services available under the plan, shall not, in enrolling an individual or in making any payments for benefits to the individual or on the individual's behalf, take into account that the individual is eligible for or is provided medical assistance under the Kansas state plan under title XIX of the social security act, commonly known as medicaid or medical assistance, administered by the Kansas health policy authority, or under any such plan of any other state.

(b) All third parties described in subsection (a), shall provide, with respect to individuals who are eligible for, or are provided, medical assistance under such state plan, upon the request of the authority, information to determine during what period individuals or their spouses or their dependents may be (or may have been) covered by a health insurer and the nature of the coverage that is or was provided by the health insurer (including the name, address and identifying number of the plan) in a manner prescribed by the United States secretary of health and human services.

(c) All third parties described in subsection (a) shall: (1) Accept the authority's right of recovery and the assignment to the authority of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under the state plan; (2) respond to any inquiry by the authority or its designee regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of such health care item or service; and (3) agree not to deny a claim submitted by the authority solely on the basis of the date of submission of the claim, the type or format of the claim form or a failure to present proper documentation at the point-of-sale that is the basis of the claim, if: (A) The claim is submitted by the authority within the three-year period beginning on the date on which the item or service was furnished; and (B) any action by the authority to enforce its rights with respect to such claim is commenced within six years of the authority's submission of such claim.

(d) As used in this section, "Kansas health policy authority" or "authority" means the Kansas health policy authority established by K.S.A. 2006 Supp. 75-7401, and amendments thereto.

New Sec. 13. (a) In order to encourage and to expand the use of cafeteria plans authorized by 26 U.S.C. 125, by small employers, there is hereby established the small employer cafeteria plan development program.

(b) Subject to the provisions of appropriations acts and in accordance with the provisions of this act, the secretary of the department of commerce may provide grants to small employers for the purpose of establishing a cafeteria plan authorized by 26 U.S.C. 125. The provisions of this section shall not apply to any small employer who has a cafeteria plan established prior to the effective date of this act.

(c) The secretary of commerce shall develop and implement marketing strategies to ensure that small employers are aware of the state program and to demonstrate the benefits of establishing a cafeteria plan to both the employer and employee.

(d) The secretary of commerce may contract with third party administrators of cafeteria plans authorized by 26 U.S.C. 125, for the purpose of helping in the development and implementation of the provisions of this section.

(e) There is hereby established in the state treasury the small employer cafeteria plan development program fund. The secretary of commerce shall administer such fund and expenditures from the small employer cafeteria plan development program fund for the purpose of providing grants in accordance with this section. All expenditures from the small employer cafeteria plan development program fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or the designee of the secretary.

(f) On or before the 10th day of each month, the director of accounts

and reports shall transfer from the state general fund to the small employer cafeteria plan development program fund interest earnings based on:

(1) The average daily balance of moneys in the small employer cafeteria plan development program fund for the preceding month; and

(2) the net earnings rate for the pooled money investment portfolio for the preceding month.

(g) For the purpose of this section "small employer" means any employer that employs 50 or less employees.

(h) The secretary of commerce may adopt rules and regulations to implement the provisions of this section.

(i) The provisions of this section shall expire on July 1, 2009.

New Sec. 14. (a) The secretary of commerce is hereby authorized to make grants or no interest loans for the purpose of financing the initial costs associated with the forming and organizing of associations to assist members of the association to obtain access to quality and affordable health care plans. Such grants or loans may be used to pay for actuarial or feasibility studies.

(b) Such grants and loans shall be made upon such terms and conditions as the secretary of commerce may deem appropriate, except that: (1) Such loans shall be made interest free and with recourse, and (2) the association shall provide a match for such grant or loan. Such grants and loans shall be made from funds credited to the association assistance plan fund.

(c) There is hereby established in the state treasury the association assistance plan fund. The secretary of commerce shall administer such fund and expenditures from the association assistance plan fund for the purpose of providing grants and no interest loans in accordance with this section. All expenditures from the association assistance plan fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or the designee of the secretary.

(d) On July 1, 2007, the director of accounts and reports shall transfer $500,000 from the state general fund to the association assistance plan fund.

(e) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the association assistance plan fund interest earnings based on:

(1) The average daily balance of moneys in the association assistance plan fund for the preceding month; and

(2) the net earnings rate for the pooled money investment portfolio for the preceding month.

(f) For the purpose of this section:

(1) "Association" means a small business or an organization of persons having a common interest; and

(2) "small business" means any business that employs 50 or less employees.

(g) The secretary of commerce may adopt rules and regulations to implement the provisions of this section.

(h) Any health care plans offered through any association funded in whole or in part with grants or loans pursuant to this section shall be underwritten by an insurance company or health maintenance organization that holds a valid Kansas certificate of authority as verified by the commissioner of insurance and any such association shall be subject to the provisions of K.S.A. 40-2209, 40-2209a through 40-2209p and 40-2222, and amendments thereto.

New Sec. 15. (a) As used in this section:

(1) "Attorney general" means the attorney general, employees of the attorney general or authorized representatives of the attorney general.

(2) "Benefit" means the receipt of money, goods, items, facilities, accommodations or anything of pecuniary value.

(3) "Claim" means an electronic, electronic impulse, facsimile, magnetic, oral, telephonic or written communication that is utilized to identify any goods, service, item, facility or accommodation as reimbursable to the state medicaid program, or its fiscal agents, the state mediKan program or the state children's health insurance program or which states income or expense.

(4) "Client" means past or present beneficiaries or recipients of the state medicaid program, the state mediKan program or the state chil-

dren's health insurance program.

(5) "Contractor" means any contractor, supplier, vendor or other person who, through a contract or other arrangement, has received, is to receive or is receiving public funds or in-kind contributions from the contracting agency as part of the state medicaid program, the state mediKan program or the state children's health insurance program, and shall include any sub-contractor.

(6) "Contractor files" means those records of contractors which relate to the state medicaid program, the state mediKan program or the state children's health insurance program.

(7) "Fiscal agent" means any corporation, firm, individual, organization, partnership, professional association or other legal entity which, through a contractual relationship with the state of Kansas receives, processes and pays claims under the state medicaid program, the state mediKan program or the state children's health insurance program.

(8) "Health care provider" means a health care provider as defined under K.S.A. 65-4921, and amendments thereto, who has applied to participate in, who currently participates in, or who has previously participated in the state medicaid program, the state mediKan program or the state children's health insurance program.

(9) "Kansas health policy authority" or "authority" means the Kansas health policy authority established under K.S.A. 2006 Supp. 75-7401, and amendments thereto, or its successor agency.

(10) "Managed care program" means a program which provides coordination, direction and provision of health services to an identified group of individuals by providers, agencies or organizations.

(11) "Medicaid program" means the Kansas program of medical assistance for which federal or state moneys, or any combination thereof, are expended, or any successor federal or state, or both, health insurance program or waiver granted thereunder.

(12) "Person" means any agency, association, corporation, firm, limited liability company, limited liability partnership, natural person, organization, partnership or other legal entity, the agents, employees, independent contractors, and subcontractors, thereof, and the legal successors thereto.

(13) "Provider" means a person who has applied to participate in, who currently participates in, who has previously participated in, who attempts or has attempted to participate in the state medicaid program, the state mediKan program or the state children's health insurance program, by providing or claiming to have provided goods, services, items, facilities or accommodations.

(14) "Recipient" means an individual, either real or fictitious, in whose behalf any person claimed or received any payment or payments from the state medicaid program, or its fiscal agent, the state mediKan program or the state children's health insurance program, whether or not any such individual was eligible for benefits under the state medicaid program, the state mediKan program or the state children's health insurance program.

(15) "Records" means all written documents and electronic or magnetic data, including, but not limited to, medical records, X-rays, professional, financial or business records relating to the treatment or care of any recipient; goods, services, items, facilities or accommodations provided to any such recipient; rates paid for such goods, services, items, facilities or accommodations; and goods, services, items, facilities or accommodations provided to nonmedicaid recipients to verify rates or amounts of goods, services, items, facilities or accommodations provided to medicaid recipients, as well as any records that the state medicaid program, or its fiscal agents, the state mediKan program or the state children's health insurance program require providers to maintain. "Records" shall not include any report or record in any format which is made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925, and amendments thereto.

(16) "State children's health insurance program" means the state children's health insurance program as provided in K.S.A. 38-2001 et seq., and amendments thereto.

(b) (1) There is hereby established within the Kansas health policy authority the office of inspector general. All budgeting, purchasing and related management functions of the office of inspector general shall be

administered under the direction and supervision of the executive director of the Kansas health policy authority. The purpose of the office of inspector general is to establish a full-time program of audit, investigation and performance review to provide increased accountability, integrity and oversight of the state medicaid program, the state mediKan program and the state children's health insurance program within the jurisdiction of the Kansas health policy authority and to assist in improving agency and program operations and in deterring and identifying fraud, waste, abuse and illegal acts. The office of inspector general shall be independent and free from political influence and in performing the duties of the office under this section shall conduct investigations, audits, evaluations, inspections and other reviews in accordance with professional standards that relate to the fields of investigation and auditing in government.

(2) (A) The inspector general shall be appointed by the Kansas health policy authority with the advice and consent of the senate and subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided in K.S.A. 46-2601, and amendments thereto, no person appointed to the position of inspector general shall exercise any power, duty or function of the inspector general until confirmed by the senate. The inspector general shall be selected without regard to political affiliation and on the basis of integrity and capacity for effectively carrying out the duties of the office of inspector general. The inspector general shall possess demonstrated knowledge, skills, abilities and experience in conducting audits or investigations and shall be familiar with the programs subject to oversight by the office of inspector general.

(B) No former or current executive or manager of any program or agency subject to oversight by the office of inspector general may be appointed inspector general within two years of that individual's period of service with such program or agency. The inspector general shall hold at time of appointment, or shall obtain within one year after appointment, certification as a certified inspector general from a national organization that provides training to inspectors general.

(C) The term of the person first appointed to the position of inspector general shall expire on January 15, 2009. Thereafter, a person appointed to the position of inspector general shall serve for a term which shall expire on January 15 of each year in which the whole senate is sworn in for a new term.

(D) The inspector general shall be in the classified service and shall receive such compensation as is determined by law, except that such compensation may be increased but not diminished during the term of office of the inspector general. The inspector general may be removed from office prior to the expiration of the inspector general's term of office in accordance with the Kansas civil service act. The inspector general shall exercise independent judgment in carrying out the duties of the office of inspector general under subsection (b). Appropriations for the office of inspector general shall be made to the Kansas health policy authority by separate line item appropriations for the office of inspector general. The inspector general shall report to the executive director of the Kansas health policy authority.

(E) The inspector general shall have general managerial control over the office of the inspector general and shall establish the organization structure of the office as the inspector general deems appropriate to carry out the responsibilities and functions of the office.

(3) Within the limits of appropriations therefor, the inspector general may hire such employees in the unclassified service as are necessary to administer the office of the inspector general. Such employees shall serve at the pleasure of the inspector general. Subject to appropriations, the inspector general may obtain the services of certified public accountants, qualified management consultants, professional auditors, or other professionals necessary to independently perform the functions of the office.

(c) (1) In accordance with the provisions of this section, the duties of the office of inspector general shall be to oversee, audit, investigate and make performance reviews of the state medicaid program, the state mediKan program and the state children's health insurance program, which programs are within the jurisdiction of the Kansas health policy authority.

(2) In order to carry out the duties of the office, the inspector general shall conduct independent and ongoing evaluation of the Kansas health policy authority and of such programs administered by the Kansas health

policy authority, which oversight includes, but is not limited to, the following:

(A) Investigation of fraud, waste, abuse and illegal acts by the Kansas health policy authority and its agents, employees, vendors, contractors, consumers, clients and health care providers or other providers.

(B) Audits of the Kansas health policy authority, its employees, contractors, vendors and health care providers related to ensuring that appropriate payments are made for services rendered and to the recovery of overpayments.

(C) Investigations of fraud, waste, abuse or illegal acts committed by clients of the Kansas health policy authority or by consumers of services administered by the Kansas health policy authority.

(D) Monitoring adherence to the terms of the contract between the Kansas health policy authority and an organization with which the authority has entered into a contract to make claims payments.

(3) Upon finding credible evidence of fraud, waste, abuse or illegal acts, the inspector general shall report its findings to the Kansas health policy authority and refer the findings to the attorney general.

(d) The inspector general shall have access to all pertinent information, confidential or otherwise, and to all personnel and facilities of the Kansas health policy authority, their employees, vendors, contractors and health care providers and any federal, state or local governmental agency that are necessary to perform the duties of the office as directly related to such programs administered by the authority. Access to contractor or health care provider files shall be limited to those files necessary to verify the accuracy of the contractor's or health care provider's invoices or their compliance with the contract provisions or program requirements. No health care provider shall be compelled under the provisions of this section to provide individual medical records of patients who are not clients of the state medicaid program, the state mediKan program or the state children's health insurance program. State and local governmental agencies are authorized and directed to provide to the inspector general requested information, assistance or cooperation.

(e) Except as otherwise provided in this section, the inspector general and all employees and former employees of the office of inspector general shall be subject to the same duty of confidentiality imposed by law on any such person or agency with regard to any such information, and shall be subject to any civil or criminal penalties imposed by law for violations of such duty of confidentiality. The duty of confidentiality imposed on the inspector general and all employees and former employees of the office of inspector general shall be subject to the provisions of subsection (f), and the inspector general may furnish all such information to the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas and all assistants and all other employees and former employees of such offices shall be subject to the same duty of confidentiality with the exceptions that any such information may be disclosed in criminal or other proceedings which may be instituted and prosecuted by the attorney general or the United States attorney in Kansas, and any such information furnished to the attorney general, the Kansas bureau of investigation or the United States attorney in Kansas under subsection (f) may be entered into evidence in any such proceedings.

(f) All investigations conducted by the inspector general shall be conducted in a manner that ensures the preservation of evidence for use in criminal prosecutions or agency administrative actions. If the inspector general determines that a possible criminal act relating to fraud in the provision or administration of such programs administered by the Kansas health policy authority has been committed, the inspector general shall immediately notify the office of the Kansas attorney general. If the inspector general determines that a possible criminal act has been committed within the jurisdiction of the office, the inspector general may request the special expertise of the Kansas bureau of investigation. The inspector general may present for prosecution the findings of any criminal investigation to the office of the attorney general or the office of the United States attorney in Kansas.

(g) To carry out the duties as described in this section, the inspector general and the inspector general's designees shall have the power to compel by subpoena the attendance and testimony of witnesses and the

production of books, electronic records and papers as directly related to such programs administered by the Kansas health policy authority. Access to contractor files shall be limited to those files necessary to verify the accuracy of the contractor's invoices or its compliance with the contract provisions. No health care provider shall be compelled to provide individual medical records of patients who are not clients of the authority.

(h) The inspector general shall report all convictions, terminations and suspensions taken against vendors, contractors and health care providers to the Kansas health policy authority and to any agency responsible for licensing or regulating those persons or entities. If the inspector general determines reasonable suspicion exists that an act relating to the violation of an agency licensure or regulatory standard has been committed by a vender, contractor or health care provider who is licensed or regulated by an agency, the inspector general shall immediately notify such agency of the possible violation.

(i) The inspector general shall make annual reports, findings and recommendations regarding the office's investigations into reports of fraud, waste, abuse and illegal acts relating to any such programs administered by the Kansas health policy authority to the executive director of the Kansas health policy authority, the legislative post auditor, the committee on ways and means of the senate, the committee on appropriations of the house of representatives, the joint committee on health policy oversight and the governor. These reports shall include, but not be limited to, the following information:

(1) Aggregate provider billing and payment information;

(2) the number of audits of such programs administered by the Kansas health policy authority and the dollar savings, if any, resulting from those audits;

(3) health care provider sanctions, in the aggregate, including terminations and suspensions; and

(4) a detailed summary of the investigations undertaken in the previous fiscal year, which summaries shall comply with all laws and rules and regulations regarding maintaining confidentiality in such programs administered by the Kansas health policy authority.

(j) Based upon the inspector general's findings under subsection (c), the inspector general may make such recommendations to the Kansas health policy authority or the legislature for changes in law, rules and regulations, policy or procedures as the inspector general deems appropriate to carry out the provisions of law or to improve the efficiency of such programs administered by the Kansas health policy authority. The inspector general shall not be required to obtain permission or approval from any other official or authority prior to making any such recommendation.

(k) (1) The inspector general shall make provision to solicit and receive reports of fraud, waste, abuse and illegal acts in such programs administered by the Kansas health policy authority from any person or persons who shall possess such information. The inspector general shall not disclose or make public the identity of any person or persons who provide such reports pursuant to this subsection unless such person or persons consent in writing to the disclosure of such person's identity. Disclosure of the identity of any person who makes a report pursuant to this subsection shall not be ordered as part of any administrative or judicial proceeding. Any information received by the inspector general from any person concerning fraud, waste, abuse or illegal acts in such programs administered by the Kansas health policy authority shall be confidential and shall not be disclosed or made public, upon subpoena or otherwise, except such information may be disclosed if (A) release of the information would not result in the identification of the person who provided the information, (B) the person or persons who provided the information to be disclosed consent in writing prior to its disclosure, (C) the disclosure is necessary to protect the public health, or (D) the information to be disclosed is required in an administrative proceeding or court proceeding and appropriate provision has been made to allow disclosure of the information without disclosing to the public the identity of the person or persons who reported such information to the inspector general.

(2) No person shall:

(A) Prohibit any agent, employee, contractor or subcontractor from reporting any information under subsection (k)(1); or

(B) require any such agent, employee, contractor or subcontractor to

give notice to the person prior to making any such report.

(3) Subsection (k)(2) shall not be construed as:

(A) Prohibiting an employer from requiring that an employee inform the employer as to legislative or auditing agency requests for information or the substance of testimony made, or to be made, by the employee to legislators or the auditing agency, as the case may be, on behalf of the employer;

(B) permitting an employee to leave the employee's assigned work areas during normal work hours without following applicable rules and regulations and policies pertaining to leaves, unless the employee is requested by a legislator or legislative committee to appear before a legislative committee or by an auditing agency to appear at a meeting with officials of the auditing agency;

(C) authorizing an employee to represent the employee's personal opinions as the opinions of the employer; or

(D) prohibiting disciplinary action of an employee who discloses information which (A) the employee knows to be false or which the employee discloses with reckless disregard for its truth or falsity, (B) the employee knows to be exempt from required disclosure under the open records act, or (C) is confidential or privileged under statute or court rule.

(4) Any agent, employee, contractor or subcontractor who alleges that disciplinary action has been taken against such agent, employee, contractor or subcontractor in violation of this section may bring an action for any damages caused by such violation in district court within 90 days after the occurrence of the alleged violation.

(5) Any disciplinary action taken against an employee of a state agency or firm as such terms are defined under subsection (b) of K.S.A. 75-2973, and amendments thereto, for making a report under subsection (k)(1) shall be governed by the provisions of K.S.A. 75-2973, and amendments thereto.

(l) The scope, timing and completion of any audit or investigation conducted by the inspector general shall be within the discretion of the inspector general. Any audit conducted by the inspector general's office shall adhere and comply with all provisions of generally accepted governmental auditing standards promulgated by the United States government accountability office.

(m) Nothing in this section shall limit investigations by any state department or agency that may otherwise be required by law or that may be necessary in carrying out the duties and functions of such agency.

(n) The Kansas health policy authority, in accordance with K.S.A. 75-4319, and amendments thereto, may recess for a closed, executive meeting under the open meetings act, K.S.A. 75-4317 through 75-4320a, and amendments thereto, to discuss with the inspector general any information, records or other matters that are involved in any investigation or audit under this section. All information and records of the inspector general that are obtained or received under any investigation or audit under this section shall be confidential, except as required or authorized pursuant to this section.

Sec. 16. K.S.A. 2006 Supp. 75-4319 is hereby amended to read as follows: 75-4319. (a) Upon formal motion made, seconded and carried, all bodies and agencies subject to the open meetings act may recess, but not adjourn, open meetings for closed or executive meetings. Any motion to recess for a closed or executive meeting shall include a statement of (1) the justification for closing the meeting, (2) the subjects to be discussed during the closed or executive meeting and (3) the time and place at which the open meeting shall resume. Such motion, including the required statement, shall be recorded in the minutes of the meeting and shall be maintained as a part of the permanent records of the body or agency. Discussion during the closed or executive meeting shall be limited to those subjects stated in the motion.

(b) No subjects shall be discussed at any closed or executive meeting, except the following:

(1) Personnel matters of nonelected personnel;

(2) consultation with an attorney for the body or agency which would be deemed privileged in the attorney-client relationship;

(3) matters relating to employer-employee negotiations whether or not in consultation with the representative or representatives of the body or agency;

(4) confidential data relating to financial affairs or trade secrets of

corporations, partnerships, trusts, and individual proprietorships;

(5) matters relating to actions adversely or favorably affecting a person as a student, patient or resident of a public institution, except that any such person shall have the right to a public hearing if requested by the person;

(6) preliminary discussions relating to the acquisition of real property;

(7) matters permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 74-8804 and amendments thereto;

(8) matters permitted to be discussed in a closed or executive meeting pursuant to subsection (d)(1) of K.S.A. 38-1507 and amendments thereto or subsection (e) of K.S.A. 38-1508 and amendments thereto;

(9) matters permitted to be discussed in a closed or executive meeting pursuant to subsection (j) of K.S.A. 22a-243 and amendments thereto;

(10) matters permitted to be discussed in a closed or executive meeting pursuant to subsection (e) of K.S.A. 44-596 and amendments thereto;

(11) matters permitted to be discussed in a closed or executive meeting pursuant to subsection (g) of K.S.A. 39-7,119 and amendments thereto;

(12) matters required to be discussed in a closed or executive meeting pursuant to a tribal-state gaming compact;

(13) matters relating to security measures, if the discussion of such matters at an open meeting would jeopardize such security measures, that protect: (A) Systems, facilities or equipment used in the production, transmission or distribution of energy, water or communications services; (B) transportation and sewer or wastewater treatment systems, facilities or equipment; (C) a public body or agency, public building or facility or the information system of a public body or agency; or (D) private property or persons, if the matter is submitted to the agency for purposes of this paragraph. For purposes of this paragraph, security means measures that protect against criminal acts intended to intimidate or coerce the civilian population, influence government policy by intimidation or coercion or to affect the operation of government by disruption of public services, mass destruction, assassination or kidnapping. Security measures include, but are not limited to, intelligence information, tactical plans, resource deployment and vulnerability assessments; ~~and~~

(14) matters permitted to be discussed in a closed or executive meeting pursuant to subsection (f) of K.S.A. 65-525, and amendments thereto*; and*

(15) matters permitted to be discussed in a closed or executive meeting pursuant to section 15, and amendments thereto.

(c) No binding action shall be taken during closed or executive recesses, and such recesses shall not be used as a subterfuge to defeat the purposes of this act.

(d) Any confidential records or information relating to security measures provided or received under the provisions of subsection (b)(13), shall not be subject to subpoena, discovery or other demand in any administrative, criminal or civil action.

Sec. 17. K.S.A. 2006 Supp. 75-2973 is hereby amended to read as follows: 75-2973. (a) This section shall be known and may be cited as the Kansas whistleblower act.

(b) As used in this section:

(1) "Auditing agency" means the (A) legislative post auditor, (B) any employee of the division of post audit, (C) any firm performing audit services pursuant to a contract with the post auditor, ~~or~~ (D) any state agency or federal agency or authority performing auditing or other oversight activities under authority of any provision of law authorizing such activities*, or (E) the inspector general created under section 15 and amendments thereto*.

(2) "Disciplinary action" means any dismissal, demotion, transfer, reassignment, suspension, reprimand, warning of possible dismissal or withholding of work.

(3) "State agency" and "firm" have the meanings provided by K.S.A. 46-1112 and amendments thereto.

(c) No supervisor or appointing authority of any state agency shall prohibit any employee of the state agency from discussing the operations of the state agency or other matters of public concern, including matters relating to the public health, safety and welfare either specifically or generally, with any member of the legislature or any auditing agency.

(d) No supervisor or appointing authority of any state agency shall:

(1) Prohibit any employee of the state agency from reporting any violation of state or federal law or rules and regulations to any person, agency or organization; or

(2) require any such employee to give notice to the supervisor or appointing authority prior to making any such report.

(e) This section shall not be construed as:

(1) Prohibiting a supervisor or appointing authority from requiring that an employee inform the supervisor or appointing authority as to legislative or auditing agency requests for information to the state agency or the substance of testimony made, or to be made, by the employee to legislators or the auditing agency, as the case may be, on behalf of the state agency;

(2) permitting an employee to leave the employee's assigned work areas during normal work hours without following applicable rules and regulations and policies pertaining to leaves, unless the employee is requested by a legislator or legislative committee to appear before a legislative committee or by an auditing agency to appear at a meeting with officials of the auditing agency;

(3) authorizing an employee to represent the employee's personal opinions as the opinions of a state agency; or

(4) prohibiting disciplinary action of an employee who discloses information which: (A) The employee knows to be false or which the employee discloses with reckless disregard for its truth or falsity, (B) the employee knows to be exempt from required disclosure under the open records act, or (C) is confidential or privileged under statute or court rule.

(f) Any officer or employee of a state agency who is in the classified service and has permanent status under the Kansas civil service act may appeal to the state civil service board whenever the officer or employee alleges that disciplinary action was taken against the officer or employee in violation of this act. The appeal shall be filed within 90 days after the alleged disciplinary action. Procedures governing the appeal shall be in accordance with subsections (f) and (g) of K.S.A. 75-2949 and amendments thereto and K.S.A. 75-2929d through 75-2929g and amendments thereto. If the board finds that disciplinary action taken was unreasonable, the board shall modify or reverse the agency's action and order such relief for the employee as the board considers appropriate. If the board finds a violation of this act, it may require as a penalty that the violator be suspended on leave without pay for not more than 30 days or, in cases of willful or repeated violations, may require that the violator forfeit the violator's position as a state officer or employee and disqualify the violator for appointment to or employment as a state officer or employee for a period of not more than two years. The board may award the prevailing party all or a portion of the costs of the proceedings before the board, including reasonable attorney fees and witness fees. The decision of the board pursuant to this subsection may be appealed by any party pursuant to law. On appeal, the court may award the prevailing party all or a portion of the costs of the appeal, including reasonable attorney fees and witness fees.

(g) Each state agency shall prominently post a copy of this act in locations where it can reasonably be expected to come to the attention of all employees of the state agency.

(h) Any officer or employee who is in the unclassified service under the Kansas civil service act who alleges that disciplinary action has been taken against such officer or employee in violation of this section may bring an action pursuant to the act for judicial review and civil enforcement of agency actions within 90 days after the occurrence of the alleged violation. The court may award the prevailing party in the action all or a portion of the costs of the action, including reasonable attorney fees and witness fees.

(i) Nothing in this section shall be construed to authorize disclosure of any information or communication that is confidential or privileged under statute or court rule.

Sec. 18. K.S.A. 46-2601 is hereby amended to read as follows: 46-2601. (a) There is hereby established the confirmation oversight committee which shall have six members. Except as provided by this subsection, members of the confirmation oversight committee shall be appointed in the manner provided by senate rule for the appointment of members of standing committees of the senate. The two major political parties shall have proportional representation on such committee. In the

event application of the preceding sentence results in a fraction, the party having a fraction exceeding .5 shall receive representation as though such fraction were a whole number. One of the members of the committee shall be the majority leader, or the majority leader's designee, who shall be the chairperson. One of the members of the committee shall be the minority leader, or the minority leader's designee, who shall be the vice-chairperson. The committee shall meet on the call of the chairperson or any three members of the committee.

(b) If a vacancy occurs in the membership of a board, commission, council, committee, authority or other governmental body *or in the position of inspector general created under section 15, and amendments thereto,* and the appointment to fill such vacancy is subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto, the confirmation oversight committee may authorize, by a majority vote thereof, the person appointed to fill such vacancy to exercise the powers, duties and functions of the office until such appointment is confirmed by the senate in the manner provided by K.S.A. 75-4315b, and amendments thereto, at the next regular or special session of the legislature.

Prior to authorizing any person to exercise the powers, duties and functions of an office pursuant to this section, the confirmation oversight committee may require such person to appear before the committee.

(c) (1) If the confirmation oversight committee authorizes a person appointed to fill a vacancy to exercise the powers, duties and functions of an office as provided by this section, such person shall not be subject to confirmation by the senate if at the time of such person's appointment there is less than six months in the unexpired term of such.

(2) The provisions of this subsection shall not apply to appointments to the state board of regents.

Sec. 19. K.S.A. 2006 Supp. 65-2901 is hereby amended to read as follows: 65-2901. As used in article 29 of chapter 65 of the Kansas Statutes Annotated and acts amendatory of the provisions thereof or supplemental thereto:

(a) "Physical therapy" means examining, evaluating and testing individuals with mechanical, anatomical, physiological and developmental impairments, functional limitations and disabilities or other health and movement-related conditions in order to determine a diagnosis solely for physical therapy, prognosis, plan of therapeutic intervention and to assess the ongoing effects of physical therapy intervention. Physical therapy also includes alleviating impairments, functional limitations and disabilities by designing, implementing and modifying therapeutic interventions that may include, but are not limited to, therapeutic exercise; functional training in community or work integration or reintegration; manual therapy; therapeutic massage; prescription, application and, as appropriate, fabrication of assistive, adaptive, orthotic, prosthetic, protective and supportive devices and equipment; airway clearance techniques; integumentary protection and repair techniques; debridement and wound care; physical agents or modalities; mechanical and electrotherapeutic modalities; patient-related instruction; reducing the risk of injury, impairments, functional limitations and disability, including the promotion and maintenance of fitness, health and quality of life in all age populations and engaging in administration, consultation, education and research. Physical therapy also includes the care and services provided by a physical therapist or a physical therapist assistant under the direction and supervision of a physical therapist that is licensed pursuant to this act. Physical therapy does not include the use of roentgen rays and radium for diagnostic and therapeutic purposes, the use of electricity for surgical purposes, including cauterization, the practice of any branch of the healing arts and the making of a medical diagnosis.

(b) "Physical therapist" means a person who is licensed to practice physical therapy pursuant to this act. Any person who successfully meets the requirements of K.S.A. 65-2906 and amendments thereto shall be known and designated as a physical therapist and may designate or describe oneself as a physical therapist, physiotherapist, licensed physical therapist, P.T., Ph. T., M.P.T., D.P.T. or L.P.T. ~~physical therapists may evaluate patients without physician referral but may initiate treatment only after consultation with and approval by a physician licensed to practice medicine and surgery, a licensed podiatrist, a licensed physician assistant or an advanced registered nurse practitioner working pursuant to~~

~~the order or direction of a person licensed to practice medicine and surgery, a licensed chiropractor or a licensed dentist in appropriately related cases or a therapeutic licensed optometrist pursuant to subsection (e) of K.S.A. 65-1501, and amendments thereto.~~

(c) "Physical therapist assistant" means a person who is certified pursuant to this act and who works under the direction of a physical therapist, and who assists the physical therapist in selected components of physical therapy intervention. Any person who successfully meets the requirements of K.S.A. 65-2906 and amendments thereto shall be known and designated as a physical therapist assistant, and may designate or describe oneself as a physical therapist assistant, certified physical therapist assistant, P.T.A., C.P.T.A. or P.T. Asst.

(d) "Board" means the state board of healing arts.

(e) "Council" means the physical therapy advisory council.

(f) "Physician" means a person licensed to practice medicine and surgery.

Sec. 20. K.S.A. 2006 Supp. 65-2912 is hereby amended to read as follows: 65-2912. (a) The board may refuse to grant a license to any physical therapist or a certificate to any physical therapist assistant, or may suspend or revoke the license of any licensed physical therapist or certificate of any certified physical therapist assistant, or may limit the license of any licensed physical therapist or certificate of any certified physical therapist assistant or may censure a licensed physical therapist or certified physical therapist assistant for any of the following grounds:

(1) Addiction to or distribution of intoxicating liquors or drugs for other than lawful purposes;

(2) conviction of a felony if the board determines, after investigation, that the physical therapist or physical therapist assistant has not been sufficiently rehabilitated to warrant the public trust;

(3) obtaining or attempting to obtain licensure or certification by fraud or deception;

(4) finding by a court of competent jurisdiction that the physical therapist or physical therapist assistant is a disabled person and has not thereafter been restored to legal capacity;

(5) unprofessional conduct as defined by rules and regulations adopted by the board;

(6) the treatment or attempt to treat ailments or other health conditions of human beings other than by physical therapy and as authorized by this act;

(7) failure to refer patients to other health care providers if symptoms are present for which physical therapy treatment is inadvisable or if symptoms indicate conditions for which treatment is outside the scope of knowledge of the licensed physical therapist;

~~(8) initiating treatment without prior consultation and approval by a physician licensed to practice medicine and surgery, by a licensed podiatrist, by a licensed physician assistant or by an advanced registered nurse practitioner working pursuant to the order or direction of a person licensed to practice medicine and surgery, by a licensed chiropractor, by a licensed dentist or by a therapeutic licensed optometrist pursuant to subsection (e) of K.S.A. 65-1501, and amendments thereto~~

(8) evaluating or treating patients in a manner not consistent with section 21 and amendments thereto; and

(9) knowingly submitting any misleading, deceptive, untrue or fraudulent misrepresentation on a claim form, bill or statement.

(b) All proceedings pursuant to article 29 of chapter 65 of the Kansas Statutes Annotated, and acts amendatory of the provisions thereof or supplemental thereto, shall be conducted in accordance with the provisions of the Kansas administrative procedure act and shall be reviewable in accordance with the act for judicial review and civil enforcement of agency actions.

New Sec. 21. (a) Except as otherwise provided in subsection (b), (c) or (d), a physical therapist may evaluate patients without physician referral but may initiate treatment only after approval by a licensed physician, a licensed podiatrist, a licensed physician assistant or an advanced registered nurse practitioner working pursuant to the order or direction of a licensed physician, a licensed chiropractor, a licensed dentist or licensed optometrist in appropriately related cases. Physical therapists may initiate physical therapy treatment with the approval of a practitioner of the healing arts duly licensed under the laws of another state and may provide

such treatment based upon an order by such practitioner in any setting in which physical therapists would be authorized to provide such treatment with the approval of a physician licensed by the board, notwithstanding any provisions of the Kansas healing arts act or any rules and regulations adopted by the board thereunder.

(b) Physical therapists may evaluate and treat a patient for no more than 30 consecutive calendar days without a referral under the following conditions: (1) The patient has previously been referred to a physical therapist for physical therapy services by a person authorized by this section to approve treatment; (2) the patient's referral for physical therapy was made within one year from the date a physical therapist implements a program of physical therapy treatment without a referral; (3) the physical therapy being provided to the patient without referral is for the same injury, disease or condition as indicated in the referral for such previous injury, disease or condition; and (4) the physical therapist transmits to the physician or other practitioner identified by the patient a copy of the initial evaluation no later than five business days after treatment commences. Treatment for more than 30 consecutive calendar days of such patient shall only be upon the approval of a person authorized by this section to approve treatment.

(c) Physical therapists may provide, without a referral, services which do not constitute treatment for a specific condition, disease or injury to: (1) Employees solely for the purpose of education and instruction related to workplace injury prevention; or (2) the public for the purpose of fitness, health promotion and education.

(d) Physical therapists may provide services without a referral to special education students who need physical therapy services to fulfill the provisions of their individualized education plan (IEP) or individualized family service plan (IFSP).

New Sec. 22. The provisions of K.S.A. 65-2901 through 65-2920 and section 21, and amendments thereto, shall be known and may be cited as the physical therapy practice act.

Sec. 23. K.S.A. 2006 Supp. 65-180 is hereby amended to read as follows: 65-180. The secretary of health and environment shall:

(a) Institute and carry on an intensive educational program among physicians, hospitals, public health nurses and the public concerning congenital hypothyroidism, galactosemia, phenylketonuria and other genetic diseases detectable with the same specimen. This educational program shall include information about the nature of such conditions and examinations for the detection thereof in early infancy in order that measures may be taken to prevent the mental retardation or morbidity resulting from such conditions.

(b) Provide recognized screening tests for phenylketonuria, galactosemia, hypothyroidism and such other diseases as may be appropriately detected with the same specimen. The initial laboratory screening tests for these diseases shall be performed by the department of health and environment *or its designee* for all infants born in the state. Such services shall be performed without charge ~~for a fee of not more than $30 per newborn~~.

(c) Provide a follow-up program by providing test results and other information to identified physicians; locate infants with abnormal newborn screening test results; with parental consent, monitor infants to assure appropriate testing to either confirm or not confirm the disease suggested by the screening test results; with parental consent, monitor therapy and treatment for infants with confirmed diagnosis of congenital hypothyroidism, galactosemia, phenylketonuria or other genetic diseases being screened under this statute; and establish ongoing education and support activities for individuals with confirmed diagnosis of congenital hypothyroidism, galactosemia, phenylketonuria and other genetic diseases being screened under this statute and for the families of such individuals.

(d) Maintain a registry of cases including information of importance for the purpose of follow-up services to prevent mental retardation or morbidity.

(e) Provide, within the limits of appropriations available therefor, the necessary treatment product for diagnosed cases for as long as medically indicated, when the product is not available through other state agencies. In addition to diagnosed cases under this section, diagnosed cases of maple syrup urine disease shall be included as a diagnosed case under this

subsection. Where the applicable income of the person or persons who have legal responsibility for the diagnosed individual meets medicaid eligibility, such individuals' needs shall be covered under the medicaid state plan. Where the applicable income of the person or persons who have legal responsibility for the diagnosed individual is not medicaid eligible, but is below 300% of the federal poverty level established under the most recent poverty guidelines issued by the United States department of health and human services, the department of health and environment shall provide reimbursement of between 50% to 100% of the product cost in accordance with rules and regulations adopted by the secretary of health and environment. Where the applicable income of the person or persons who have legal responsibility for the diagnosed individual exceeds 300% of the federal poverty level established under the most recent poverty guidelines issued by the United States department of health and human services, the department of health and environment shall provide reimbursement of an amount not to exceed 50% of the product cost in accordance with rules and regulations adopted by the secretary of health and environment.

(f) Provide state assistance to an applicant pursuant to subsection (e) only after it has been shown that the applicant has exhausted all benefits from private third-party payers, medicare, medicaid and other government assistance programs and after consideration of the applicant's income and assets. The secretary of health and environment shall adopt rules and regulations establishing standards for determining eligibility for state assistance under this section.

(g) (1) Except for treatment products provided under subsection (e), if the medically necessary food treatment product for diagnosed cases must be purchased, the purchaser shall be reimbursed by the department of health and environment for costs incurred up to $1,500 per year per diagnosed child age 18 or younger at 100% of the product cost upon submission of a receipt of purchase identifying the company from which the product was purchased. For a purchaser to be eligible for reimbursement under this subsection (g)(1), the applicable income of the person or persons who have legal responsibility for the diagnosed child shall not exceed 300% of the poverty level established under the most recent poverty guidelines issued by the federal department of health and human services.

(2) As an option to reimbursement authorized under subsection (g)(1), the department of health and environment may purchase food treatment products for distribution to diagnosed children in an amount not to exceed $1,500 per year per diagnosed child age 18 or younger. For a diagnosed child to be eligible for the distribution of food treatment products under this subsection (g)(2), the applicable income of the person or persons who have legal responsibility for the diagnosed child shall not exceed 300% of the poverty level established under the most recent poverty guidelines issued by the federal department of health and human services.

(3) In addition to diagnosed cases under this section, diagnosed cases of maple syrup urine disease shall be included as a diagnosed case under this subsection (g).

(h) The department of health and environment shall continue to receive orders for both necessary treatment products and necessary food treatment products, purchase such products, and shall deliver the products to an address prescribed by the diagnosed individual. The department of health and environment shall bill the person or persons who have legal responsibility for the diagnosed patient for a pro-rata share of the total costs, in accordance with the rules and regulations adopted pursuant to this section. ~~The department of health and environment and the Kansas health policy authority shall combine the purchasing resources for the purpose of this subsection and shall enter into a joint contract for the purchase of all products for both medicaid and nonmedicaid eligible clients.~~

(i) Not later than July 1, 2008, the secretary of health and environment shall adopt rules and regulations as needed to require, to the extent of available funding, newborn screening tests to screen for treatable disorders listed in the core uniform panel of newborn screening conditions recommended in the 2005 report by the American college of medical genetics entitled "Newborn Screening: Toward a Uniform Screening Panel and System" or another report determined by the department of health

and environment to provide more appropriate newborn screening guidelines to protect the health and welfare of newborns for treatable disorders.

(j) In performing the duties under subsection (i), the secretary of health and environment shall appoint an advisory council to advise the department of health and environment on implementation of subsection (i).

(k) The department of health and environment shall periodically review the newborn screening program to determine the efficacy and cost effectiveness of the program and determine whether adjustments to the program are necessary to protect the health and welfare of newborns and to maximize the number of newborn screenings that may be conducted with the funding available for the screening program.

Sec. 24. K.S.A. 65-1,172 is hereby amended to read as follows: 65-1,172. *(a)* Confidential data collected pursuant to this act shall be securely locked and used only for the following purposes:

~~(a)~~ *(1)* Ensuring the quality and completeness of the registry data.

~~(b)~~ *(2)* Investigating the nature and cause of abnormal clusterings of cancer and the possible cancer risk related to having an abortion.

~~(c)~~ *(3)* Offering through the personal physician, to persons with cancer, access to cancer diagnostics and treatments not available except through clinical trials. As long as such trials are conducted with the informed, written consent of the cancer patient, the confidential data is approved for release by the secretary for the purpose of such clinical trials and the clinical trials are approved by the clinical entity.

~~(d)~~ *(4)* Releasing data back to the institution or individual which reported cases as long as such release includes only those cases previously reported by the requesting institution or individual.

~~(e)~~ *(5)* As part of an exchange agreement with another state, confidential data collected on a resident of another state may be released to the cancer registry of that person's state of residence if that state has confidentiality requirements that provide assurance of protection of confidentiality equivalent to that provided by Kansas under this act.

~~(f)~~ *(6)* Releasing information upon consent, in writing, of the person who is the subject of the information, or if such person is under 18 years of age, by such person's parent or guardian.

(7) Follow up for public health purposes. With the approval of the health and environmental institutional review board as provided for in title 45, part 46 of the code of federal regulations, the secretary of health and environment or the secretary's designee, may contact individuals who are the subjects of the reports made pursuant to K.S.A. 65-1,169, and amendments thereto. The secretary shall inform such individuals that the participation in such projects is voluntary and may only be conducted with the written consent of the person who is the subject of the information or with the informed consent of a parent or legal guardian if the person is under 18 years of age. Informed consent is not required if the person who is the subject of the information is deceased.

(b) The secretary shall adopt rules and regulations to define who may be authorized to conduct such follow up studies and to develop criteria for obtaining informed consent.

New Sec. 25. (a) This section shall be cited as the umbilical cord donation information act.

(b) A health care provider providing health care services to a pregnant woman during the last trimester of such pregnancy, which health care services are directly related to such pregnancy, shall whenever practical advise such person of options to donate an umbilical cord following the delivery of a newborn child. Provision in a timely manner of information prepared by the department of health and environment pursuant to subsection (c) shall constitute compliance with this subsection.

(c) The department of health and environment shall, by July 1, 2007, prepare and make information available on its website that includes the following:

(1) The medical processes involved in the collection of umbilical cords;

(2) the medical risks to a mother and the newborn child of umbilical cord collection;

(3) the current and potential future medical uses and benefits of umbilical cord collection to the birth mother, the newborn child and the biological family;

(4) the current and potential future medical uses and benefits of um-

bilical cord collection to persons who are not biologically related to the birth mother or the newborn child;

(5) any costs that may be incurred by a pregnant woman who chooses to make an umbilical cord donation;

(6) options for ownership and future use of the donated material; and

(7) the availability in this state of umbilical cord donations.

Sec. 26. K.S.A. 65-3505 is hereby amended to read as follows: 65-3505. (a) Every individual who holds a valid license as an administrator issued by the board shall apply to the board for renewal of such license in accordance with rules and regulations adopted by the board and report any facts requested by the board on forms provided for such purpose.

(b) Upon making an application for a renewal of license, such individual shall pay a renewal fee to be fixed by rules and regulations and shall submit evidence satisfactory to the board that during the period immediately preceding application for renewal the applicant has attended a program or course of study as provided by the rules and regulations of the board. Any individual who submits an application for a renewal of license within 30 days after the date of expiration shall also pay a late renewal fee fixed by rules and regulations. Any individual who submits an application for a renewal of license after the thirty-day period following the date of expiration shall be considered as having a license that has lapsed for failure to renew and shall be reissued a license only after the individual has been reinstated under subsection (d).

(c) Upon receipt of such application for renewal of license, the renewal fee and the evidence required, the board shall issue a license to such administrator.

(d) An administrator who has been duly licensed in this state, whose license has not been revoked or suspended, and whose license has expired because of temporary abandonment of the practice of nursing home administration, or has moved from the state, or for such other reason, may be licensed within the state upon complying with the provisions of this section for renewal of license, filing with the board an application, and submission of a renewal fee and reinstatement fee fixed by rules and regulations.

(e) ~~Notwithstanding the foregoing provisions of this section, the board may enter into reciprocal relations with boards of other states or endorse the training acquired by an applicant whereby licenses may be granted, without examination and upon payment of a licensure fee and a reciprocity fee, to duly licensed administrators from other states, provided the requirements for licensure of the state from which the applicant applies are as high as those in Kansas and the applicant is favorably recommended, in writing, by the board of the state in which the applicant is licensed.~~ *The board may grant a license to any person who, at the time of application, is licensed as an adult care home administrator in another jurisdiction if the board determines:*

(1) That the requirements of such jurisdiction for such licensure are substantially the equivalent of the requirements of this state; or that the applicant demonstrates on forms provided by the board continuous licensure as an adult care home administrator during the five years immediately preceding the application with at least the minimum professional experience during that time as established by rules and regulations of the board;

(2) that the candidate has not had disciplinary actions of a serious nature brought by a licensing board or agency; and

(3) that the applicant for a license under this subsection pays a reciprocity application fee and a reciprocity license fee established by the board by rules and regulations, neither of which shall exceed $200.

(f) The expiration date of each license issued or renewed shall be established by rules and regulations of the board. Subject to the provisions of this subsection each license shall be renewable on a biennial basis upon the filing of a renewal application prior to the expiration date of the license and upon payment of the renewal fee established pursuant to rules and regulations of the board. To provide for a system of biennial renewal of licenses the board may provide by rules and regulations that licenses issued or renewed for the first time after the effective date of this act may expire less than two years from the date of issuance or renewal. In each case in which a license is issued or renewed for a period of time less than two years, the board shall prorate to the nearest whole month the license or renewal fee established pursuant to rules and regulations. No

proration shall be made under this subsection (f) on delinquent license renewals or on temporary licenses.

New Sec. 27. (a) If, upon inspection for compliance with federal law pursuant to oversight by the centers for medicare and medicaid services of a medical care facility, adult care home, assisted living facility or special hospital by an officer of the state fire marshal, deficiencies are found, such medical care facility, adult care home, assisted living facility or special hospital within 10 calendar days after receipt of the statement of deficiencies, may make a written request to the state fire marshal for informal dispute resolution. The medical care facility, adult care home, assisted living facility or special hospital may make not more than one request for a two-tier informal dispute resolution per inspection to dispute any deficiencies with which such medical care facility, adult care home, assisted living facility or special hospital disagrees, based on the statement of deficiencies and any other materials submitted, except that such medical care facility, adult care home, assisted living facility or special hospital shall have an opportunity to supplement such material prior to a disposition of the claim. The state fire marshal shall hold an informal dispute resolution meeting with such medical care facility, adult care home, assisted living facility or special hospital in person upon request of the medical care facility, adult care home, assisted living facility or special hospital. The first-tier of the informal dispute resolution shall be conducted within 30 days of receipt of the written request from the medical care facility, adult care home, assisted living facility or special hospital. The medical care facility, adult care home, assisted living facility or special hospital shall be notified of the results of the first-tier informal dispute resolution on or before 10 days of the disposition being rendered.

(b) A written request for informal dispute resolution shall:

(1) State the specific deficiencies being disputed;

(2) provide a detailed explanation of the basis for the dispute; and

(3) include any supporting documentation, including any information that was not available at the time of the inspection.

(c) The medical care facility, adult care home, assisted living facility or special hospital may challenge the decision of the first-tier informal dispute resolution and may request completion of the second-tier of informal dispute resolution by a three-person panel appointed by the state fire marshal. No more than one panel member shall be an employee of the state fire marshal, and such member shall not be the person who conducted the first-tier of the informal dispute resolution. At least two panel members shall not be employees of the state fire marshal and shall have suitable expertise to review the disputed deficiency or deficiencies. The second-tier informal dispute resolution shall take place within 30 days of the request by the medical care facility, adult care home, assisted living facility or special hospital. The medical care facility, adult care home, assisted living facility or special hospital shall be notified of the results of the second-tier informal dispute resolution within 10 days of the disposition being rendered.

(d) The state fire marshal may fix, charge and collect a fee from a medical care facility, adult care home, assisted living facility or special hospital requesting a second-tier informal dispute resolution review panel to recover all or part of the costs incurred by state fire marshal for holding such second-tier informal dispute resolution panel under this section that shall not exceed $250.

(e) Any decision or proposed resolution of the informal dispute resolution panel under this section shall be advisory to the state fire marshal.

(f) The state fire marshal shall adopt rules and regulations to implement the provisions of this section.

(g) As used in this section:

(1) "Assisted living facility" shall have the meaning ascribed thereto in K.S.A. 39-923, and amendments thereto;

(2) "medical care facility" shall have the meaning ascribed thereto in K.S.A. 65-425, and amendments thereto;

(3) "adult care home" shall have the meaning ascribed thereto in K.S.A. 39-923, and amendments thereto; and

(4) "special hospital" shall have the meaning ascribed thereto in K.S.A. 65-425, and amendments thereto.

Sec. 28. K.S.A. 40-2123 is hereby amended to read as follows: 40-2123. (a) The plan shall offer coverage to every eligible person pursuant to which such person's covered expenses shall be indemnified or reim-

bursed subject to the provisions of K.S.A. 40-2124 and amendments thereto.

(b) Except for those expenses set forth in subsection (c) of this section, expenses covered under the plan shall include expenses for:

(1) Services of persons licensed to practice medicine and surgery which are medically necessary for the diagnosis or treatment of injuries, illnesses or conditions;

(2) services of advanced registered nurse practitioners who hold a certificate of qualification from the board of nursing to practice in an expanded role or physicians assistants acting under the direction of a responsible physician when such services are provided at the direction of a person licensed to practice medicine and surgery and meet the requirements of paragraph (b)(1) above;

(3) services of licensed dentists when such procedures would otherwise be performed by persons licensed to practice medicine and surgery;

(4) emergency care, surgery and treatment of acute episodes of illness or disease as defined in the plan and provided in a general hospital or ambulatory surgical center as such terms are defined in K.S.A. 65-425, and amendments thereto;

(5) medically necessary diagnostic laboratory and x-ray services;

(6) drugs and controlled substances prescribed by a practitioner, as defined in ~~subsection (x) of~~ K.S.A. 65-1626 and amendments thereto, or drugs and controlled substances prescribed by a mid-level practitioner as defined in ~~subsection (ii) of~~ K.S.A. 65-1626 and amendments thereto. Coverage for outpatient prescriptions shall be subject to a mandatory 50% coinsurance provision, and coverage for prescriptions administered to inpatients shall be subject to a coinsurance provision as established in the plan; and

(7) subject to the approval of the commissioner, the board shall also review and recommend the inclusion of coverage for mental health services and such other primary and preventive health care services as the board determines would not materially impair affordability of the plan.

(c) Expenses not covered under the plan shall include expenses for:

(1) Illness or injury due to an act of war;

(2) services rendered prior to the effective date of coverage under this plan for the person on whose behalf the expense is incurred;

(3) services for which no charge would be made in the absence of insurance or for which the insured bears no legal obligation to pay;

(4) (A) services or charges incurred by the insured which are otherwise covered by:

(i) Medicare or state law or programs;

(ii) medical services provided for members of the United States armed forces and their dependents or for employees of such armed forces;

(iii) military service-connected disability benefits;

(iv) other benefit or entitlement programs provided for by the laws of the United States (except title XIX of the social security act of 1965);

(v) workers compensation or similar programs addressing injuries, diseases, or conditions incurred in the course of employment covered by such programs;

(vi) benefits payable without regard to fault pursuant to any motor vehicle or other liability insurance policy or equivalent self-insurance.

(B) This exclusion shall not apply to services or charges which exceed the benefits payable under the applicable programs listed above and which are otherwise eligible for payment under this section.

(5) Services the provision of which is not within the scope of the license or certificate of the institution or individual rendering such service;

(6) that part of any charge for services or articles rendered or prescribed which exceeds the rate established by K.S.A. 40-2131 and amendments thereto for such services;

(7) services or articles not medically necessary;

(8) care which is primarily custodial or domiciliary in nature;

(9) cosmetic surgery unless provided as the result of an injury or medically necessary surgical procedure;

(10) eye surgery if corrective lenses would alleviate the problem;

(11) experimental services or supplies not generally recognized as the normal mode of treatment for the illness or injury involved;

(12) service of a blood donor and any fee for failure of the insured

to replace the first three pints of blood provided in each calendar year; and

(13) personal supplies or services provided by a health care facility or any other nonmedical or nonprescribed supply or service.

(d) Except as expressly provided for in this act, no law requiring the coverage or the offer of coverage of a health care service or benefit shall apply to the plan.

(e) A plan may incorporate provisions that will direct covered persons to the most appropriate lowest cost health care provider available.

Sec. 29. K.S.A. 2006 Supp. 60-4403 is hereby amended to read as follows: 60-4403. (a) A licensed health care professional who administers, prescribes or dispenses medications or procedures to relieve another person's pain or discomfort does not violate K.S.A. 21-3406 and amendments thereto unless the medications or procedures are knowingly administered, prescribed or dispensed with the intent to cause death. A mid-level practitioner as defined in ~~subsection (ii) of~~ K.S.A. 65-1626 and amendments thereto who prescribes medications or procedures to relieve another person's pain or discomfort does not violate K.S.A. 21-3406 and amendments thereto unless the medications or procedures are knowingly prescribed with the intent to cause death.

(b) A licensed health care professional, family member or other legally authorized person who participates in the act of, or the decision making process which results in the withholding or withdrawal of a life-sustaining procedure does not violate K.S.A. 21-3406 and amendments thereto.

(c) Providing spiritual treatment through prayer alone, in lieu of medical treatment, does not violate K.S.A. 21-3406 and amendments thereto.

Sec. 30. K.S.A. 2006 Supp. 65-1626 is hereby amended to read as follows: 65-1626. For the purposes of this act:

(a) "Administer" means the direct application of a drug, whether by injection, inhalation, ingestion or any other means, to the body of a patient or research subject by:

(1) A practitioner or pursuant to the lawful direction of a practitioner;

(2) the patient or research subject at the direction and in the presence of the practitioner; or

(3) a pharmacist as authorized in K.S.A. 65-1635a and amendments thereto.

(b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor or dispenser but shall not include a common carrier, public warehouseman or employee of the carrier or warehouseman when acting in the usual and lawful course of the carrier's or warehouseman's business.

(c) "Authorized distributor of record" means a wholesale distributor with whom a manufacturer has established an ongoing relationship to distribute the manufacturer's prescription drug. An ongoing relationship is deemed to exist between such wholesale distributor and a manufacturer when the wholesale distributor, including any affiliated group of the wholesale distributor, as defined in section 1504 of the internal revenue code, complies with any one of the following: (1) The wholesale distributor has a written agreement currently in effect with the manufacturer evidencing such ongoing relationship; and (2) the wholesale distributor is listed on the manufacturer's current list of authorized distributors of record, which is updated by the manufacturer on no less than a monthly basis.

~~(c)~~ *(d)* "Board" means the state board of pharmacy created by K.S.A. 74-1603 and amendments thereto.

~~(d)~~ *(e)* "Brand exchange" means the dispensing of a different drug product of the same dosage form and strength and of the same generic name than the brand name drug product prescribed.

~~(e)~~ *(f)* "Brand name" means the registered trademark name given to a drug product by its manufacturer, labeler or distributor.

(g) "Chain pharmacy warehouse" means a permanent physical location for drugs or devices, or both, that act as a central warehouse and perform intracompany sales or transfers of prescription drugs or devices to chain pharmacies that have the same ownership or control. Chain pharmacy warehouses must be registered as wholesale distributors.

(h) "Co-licensee" means a pharmaceutical manufacturer that has entered into an agreement with another pharmaceutical manufacturer to engage in a business activity or occupation related to the manufacture or

distribution of a prescription drug and the national drug code on the drug product label shall be used to determine the identity of the drug manufacturer.

~~(f)~~ *(i)* "Deliver" or "delivery" means the actual, constructive or attempted transfer from one person to another of any drug whether or not an agency relationship exists.

~~(g)~~ *(j)* "Direct supervision" means the process by which the responsible pharmacist shall observe and direct the activities of a pharmacy student or pharmacy technician to a sufficient degree to assure that all such activities are performed accurately, safely and without risk or harm to patients, and complete the final check before dispensing.

~~(h)~~ *(k)* "Dispense" means to deliver prescription medication to the ultimate user or research subject by or pursuant to the lawful order of a practitioner or pursuant to the prescription of a mid-level practitioner.

~~(i)~~ *(l)* "Dispenser" means a practitioner or pharmacist who dispenses prescription medication.

~~(j)~~ *(m)* "Distribute" means to deliver, other than by administering or dispensing, any drug.

~~(k)~~ *(n)* "Distributor" means a person who distributes a drug.

(o) "Drop shipment" means the sale, by a manufacturer, that manufacturer's co-licensee, that manufacturer's third party logistics provider, or that manufacturer's exclusive distributor, of the manufacturer's prescription drug, to a wholesale distributor whereby the wholesale distributor takes title but not possession of such prescription drug and the wholesale distributor invoices the pharmacy, the chain pharmacy warehouse, or other designated person authorized by law to dispense or administer such prescription drug, and the pharmacy, the chain pharmacy warehouse, or other designated person authorized by law to dispense or administer such prescription drug receives delivery of the prescription drug directly from the manufacturer, that manufacturer's co-licensee, that manufacturer's third party logistics provider, or that manufacturer's exclusive distributor, of such prescription drug. Drop shipment shall be part of the "normal distribution channel".

~~(l)~~ *(p)* "Drug" means: (1) Articles recognized in the official United States pharmacopoeia, or other such official compendiums of the United States, or official national formulary, or any supplement of any of them; (2) articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man or other animals; (3) articles, other than food, intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any articles specified in clause (1), (2) or (3) of this subsection; but does not include devices or their components, parts or accessories, except that the term "drug" shall not include amygdalin (laetrile) or any livestock remedy, if such livestock remedy had been registered in accordance with the provisions of article 5 of chapter 47 of the Kansas Statutes Annotated prior to its repeal.

(q) "Durable medical equipment" means technologically sophisticated medical devices that may be used in a residence, including the following: (1) Oxygen and oxygen delivery system; (2) ventilators; (3) respiratory disease management devices; (4) continuous positive airway pressure (CPAP) devices; (5) electronic and computerized wheelchairs and seating systems; (6) apnea monitors; (7) transcutaneous electrical nerve stimulator (TENS) units; (8) low air loss cutaneous pressure management devices; (9) sequential compression devices; (10) feeding pumps; (11) home phototherapy devices; (12) infusion delivery devices; (13) distribution of medical gases to end users for human consumption; (14) hospital beds; (15) nebulizers; (16) other similar equipment determined by the board in rules and regulations adopted by the board.

(r) "Exclusive distributor" means any entity that: (1) Contracts with a manufacturer to provide or coordinate warehousing, wholesale distribution or other services on behalf of a manufacturer and who takes title to that manufacturer's prescription drug, but who does not have general responsibility to direct the sale or disposition of the manufacturer's prescription drug; (2) is registered as a wholesale distributor under the pharmacy act of the state of Kansas; and (3) to be considered part of the normal distribution channel, must be an authorized distributor of record.

~~(m)~~ *(s)* "Electronic transmission" means transmission of information in electronic form or the transmission of the exact visual image of a document by way of electronic equipment.

~~(n)~~ *(t)* "Generic name" means the established chemical name or official name of a drug or drug product.

~~(o)~~ *(u)* (1) "Institutional drug room" means any location where prescription-only drugs are stored and from which prescription-only drugs are administered or dispensed and which is maintained or operated for the purpose of providing the drug needs of:

(A) Inmates of a jail or correctional institution or facility;

(B) residents of a juvenile detention facility, as defined by the *revised* Kansas code for care of children and the revised Kansas juvenile justice code;

(C) students of a public or private university or college, a community college or any other institution of higher learning which is located in Kansas;

(D) employees of a business or other employer; or

(E) persons receiving inpatient hospice services.

(2) "Institutional drug room" does not include:

(A) Any registered pharmacy;

(B) any office of a practitioner; or

(C) a location where no prescription-only drugs are dispensed and no prescription-only drugs other than individual prescriptions are stored or administered.

(v) "Intracompany transaction" means any transaction or transfer between any division, subsidiary, parent or affiliated or related company under common ownership or control of a corporate entity, or any transaction or transfer between co-licensees of a co-licensed product.

~~(p)~~ *(w)* "Medical care facility" shall have the meaning provided in K.S.A. 65-425 and amendments thereto, except that the term shall also include facilities licensed under the provisions of K.S.A. 75-3307b and amendments thereto except community mental health centers and facilities for the mentally retarded.

~~(q)~~ *(x)* "Manufacture" means the production, preparation, propagation, compounding, conversion or processing of a drug either directly or indirectly by extraction from substances of natural origin, independently by means of chemical synthesis or by a combination of extraction and chemical synthesis and includes any packaging or repackaging of the drug or labeling or relabeling of its container, except that this term shall not include the preparation or compounding of a drug by an individual for the individual's own use or the preparation, compounding, packaging or labeling of a drug by: (1) A practitioner or a practitioner's authorized agent incident to such practitioner's administering or dispensing of a drug in the course of the practitioner's professional practice; (2) a practitioner, by a practitioner's authorized agent or under a practitioner's supervision for the purpose of, or as an incident to, research, teaching or chemical analysis and not for sale; or (3) a pharmacist or the pharmacist's authorized agent acting under the direct supervision of the pharmacist for the purpose of, or incident to, the dispensing of a drug by the pharmacist.

(y) "Manufacturer" means a person licensed or approved by the FDA to engage in the manufacture of drugs and devices.

(z) "Normal distribution channel" means a chain of custody for a prescription-only drug that goes from a manufacturer of the prescription-only drug, from that manufacturer to that manufacturer's co-licensed partner, from that manufacturer to that manufacturer's third-party logistics provider, or from that manufacturer to that manufacturer's exclusive distributor, directly or by drop shipment, to:

(1) A pharmacy to a patient or to other designated persons authorized by law to dispense or administer such drug to a patient;

(2) a wholesale distributor to a pharmacy to a patient or other designated persons authorized by law to dispense or administer such drug to a patient;

(3) a wholesale distributor to a chain pharmacy warehouse to that chain pharmacy warehouse's intracompany pharmacy to a patient or other designated persons authorized by law to dispense or administer such drug to a patient; or

(4) a chain pharmacy warehouse to the chain pharmacy warehouse's intracompany pharmacy to a patient or other designated persons authorized by law to dispense or administer such drug to a patient.

~~(r)~~ *(aa)* "Person" means individual, corporation, government, governmental subdivision or agency, partnership, association or any other legal entity.

~~(s)~~ *(bb)* "Pharmacist" means any natural person licensed under this act to practice pharmacy.

~~(t)~~ *(cc)* "Pharmacist in charge" means the pharmacist who is responsible to the board for a registered establishment's compliance with the laws and regulations of this state pertaining to the practice of pharmacy, manufacturing of drugs and the distribution of drugs. The pharmacist in charge shall supervise such establishment on a full-time or a part-time basis and perform such other duties relating to supervision of a registered establishment as may be prescribed by the board by rules and regulations. Nothing in this definition shall relieve other pharmacists or persons from their responsibility to comply with state and federal laws and regulations.

~~(u)~~ *(dd)* "Pharmacy," "drug store" or "apothecary" means premises, laboratory, area or other place: (1) Where drugs are offered for sale where the profession of pharmacy is practiced and where prescriptions are compounded and dispensed; or (2) which has displayed upon it or within it the words "pharmacist," "pharmaceutical chemist," "pharmacy," "apothecary," "drugstore," "druggist," "drugs," "drug sundries" or any of these words or combinations of these words or words of similar import either in English or any sign containing any of these words; or (3) where the characteristic symbols of pharmacy or the characteristic prescription sign "Rx" may be exhibited. As used in this subsection, premises refers only to the portion of any building or structure leased, used or controlled by the licensee in the conduct of the business registered by the board at the address for which the registration was issued.

~~(v)~~ *(ee)* "Pharmacy student" means an individual, registered with the board of pharmacy, enrolled in an accredited school of pharmacy.

~~(w)~~ *(ff)* "Pharmacy technician" means an individual who, under the direct supervision and control of a pharmacist, may perform packaging, manipulative, repetitive or other nondiscretionary tasks related to the processing of a prescription or medication order and who assists the pharmacist in the performance of pharmacy related duties, but who does not perform duties restricted to a pharmacist.

~~(x)~~ *(gg)* "Practitioner" means a person licensed to practice medicine and surgery, dentist, podiatrist, veterinarian, optometrist licensed under the optometry law as a therapeutic licensee or diagnostic and therapeutic licensee, or scientific investigator or other person authorized by law to use a prescription-only drug in teaching or chemical analysis or to conduct research with respect to a prescription-only drug.

~~(y)~~ *(hh)* "Preceptor" means a licensed pharmacist who possesses at least two years' experience as a pharmacist and who supervises students obtaining the pharmaceutical experience required by law as a condition to taking the examination for licensure as a pharmacist.

~~(z)~~ *(ii)* "Prescription" means, according to the context, either a prescription order or a prescription medication.

~~(aa)~~ *(jj)* "Prescription medication" means any drug, including label and container according to context, which is dispensed pursuant to a prescription order.

~~(bb)~~ *(kk)* "Prescription-only drug" means any drug whether intended for use by man or animal, required by federal or state law (including 21 United States Code section 353, as amended) to be dispensed only pursuant to a written or oral prescription or order of a practitioner or is restricted to use by practitioners only.

~~(cc)~~ *(ll)* "Prescription order" means: (1) An order to be filled by a pharmacist for prescription medication issued and signed by a practitioner or a mid-level practitioner in the authorized course of professional practice; or (2) an order transmitted to a pharmacist through word of mouth, note, telephone or other means of communication directed by such practitioner or mid-level practitioner.

~~(dd)~~ *(mm)* "Probation" means the practice or operation under a temporary license, registration or permit or a conditional license, registration or permit of a business or profession for which a license, registration or permit is granted by the board under the provisions of the pharmacy act of the state of Kansas requiring certain actions to be accomplished or certain actions not to occur before a regular license, registration or permit is issued.

~~(ee)~~ *(nn)* "Professional incompetency" means:

(1) One or more instances involving failure to adhere to the applicable standard of pharmaceutical care to a degree which constitutes gross negligence, as determined by the board;

(2) repeated instances involving failure to adhere to the applicable standard of pharmaceutical care to a degree which constitutes ordinary negligence, as determined by the board; or

(3) a pattern of pharmacy practice or other behavior which demonstrates a manifest incapacity or incompetence to practice pharmacy.

~~(ff)~~ *(oo)* "Retail dealer" means a person selling at retail nonprescription drugs which are prepackaged, fully prepared by the manufacturer or distributor for use by the consumer and labeled in accordance with the requirements of the state and federal food, drug and cosmetic acts. Such nonprescription drugs shall not include: (1) A controlled substance; (2) a prescription-only drug; or (3) a drug intended for human use by hypodermic injection.

~~(gg)~~ *(pp)* "Secretary" means the executive secretary of the board.

(qq) "Third party logistics provider" means an entity that: (1) Provides or coordinates warehousing, distribution or other services on behalf of a manufacturer, but does not take title to the prescription drug or have general responsibility to direct the prescription drug's sale or disposition; (2) is registered as a wholesale distributor under the pharmacy act of the state of Kansas; and (3) to be considered part of the normal distribution channel, must also be an authorized distributor of record.

~~(hh)~~ *(rr)* "Unprofessional conduct" means:

(1) Fraud in securing a registration or permit;

(2) intentional adulteration or mislabeling of any drug, medicine, chemical or poison;

(3) causing any drug, medicine, chemical or poison to be adulterated or mislabeled, knowing the same to be adulterated or mislabeled;

(4) intentionally falsifying or altering records or prescriptions;

(5) unlawful possession of drugs and unlawful diversion of drugs to others;

(6) willful betrayal of confidential information under K.S.A. 65-1654 and amendments thereto;

(7) conduct likely to deceive, defraud or harm the public;

(8) making a false or misleading statement regarding the licensee's professional practice or the efficacy or value of a drug;

(9) commission of any act of sexual abuse, misconduct or exploitation related to the licensee's professional practice; or

(10) performing unnecessary tests, examinations or services which have no legitimate pharmaceutical purpose.

~~(ii)~~ *(ss)* "Mid-level practitioner" means an advanced registered nurse practitioner issued a certificate of qualification pursuant to K.S.A. 65-1131 and amendments thereto who has authority to prescribe drugs pursuant to a written protocol with a responsible physician under K.S.A. 65-1130 and amendments thereto or a physician assistant licensed pursuant to the physician assistant licensure act who has authority to prescribe drugs pursuant to a written protocol with a responsible physician under K.S.A. 65-28a08 and amendments thereto.

~~(jj)~~ *(tt)* "Vaccination protocol" means a written protocol, agreed to by a pharmacist and a person licensed to practice medicine and surgery by the state board of healing arts, which establishes procedures and record-keeping and reporting requirements for administering a vaccine by the pharmacist for a period of time specified therein, not to exceed two years.

~~(kk)~~ *(uu)* "Veterinary medical teaching hospital pharmacy" means any location where prescription-only drugs are stored as part of an accredited college of veterinary medicine and from which prescription-only drugs are distributed for use in treatment of or administration to a non-human.

(vv) "Wholesale distributor" means any person engaged in wholesale distribution of prescription drugs or devices in or into the state, including, but not limited to, manufacturers, repackagers, own-label distributors, private-label distributors, jobbers, brokers, warehouses, including manufacturers' and distributors' warehouses, co-licensees, exclusive distributors, third party logistics providers, chain pharmacy warehouses that conduct wholesale distributions, and wholesale drug warehouses, independent wholesale drug traders and retail pharmacies that conduct wholesale distributions. Wholesale distributor shall not include persons engaged in the sale of durable medical equipment to consumers or patients.

(ww) "Wholesale distribution" means the distribution of prescription drugs or devices by wholesale distributors to persons other than consumers or patients, and includes the transfer of prescription drugs by a phar-

macy to another pharmacy if the total number of units of transferred drugs during a twelve-month period does not exceed 5% of the total number of all units dispensed by the pharmacy during the immediately preceding twelve-month period. Wholesale distribution does not include: (1) The sale, purchase or trade of a prescription drug or device, an offer to sell, purchase or trade a prescription drug or device or the dispensing of a prescription drug or device pursuant to a prescription; (2) the sale, purchase or trade of a prescription drug or device or an offer to sell, purchase or trade a prescription drug or device for emergency medical reasons; (3) intracompany transactions, as defined in this section, unless in violation of own use provisions; (4) the sale, purchase or trade of a prescription drug or device or an offer to sell, purchase or trade a prescription drug or device among hospitals, chain pharmacy warehouses, pharmacies or other health care entities that are under common control; (5) the sale, purchase or trade of a prescription drug or device or the offer to sell, purchase or trade a prescription drug or device by a charitable organization described in 503 (c)(3) of the internal revenue code of 1954 to a nonprofit affiliate of the organization to the extent otherwise permitted by law; (6) the purchase or other acquisition by a hospital or other similar health care entity that is a member of a group purchasing organization of a prescription drug or device for its own use from the group purchasing organization or from other hospitals or similar health care entities that are members of these organizations; (7) the transfer of prescription drugs or devices between pharmacies pursuant to a centralized prescription processing agreement; (8) the sale, purchase or trade of blood and blood components intended for transfusion; (9) the return of recalled, expired, damaged or otherwise non-salable prescription drugs, when conducted by a hospital, health care entity, pharmacy, chain pharmacy warehouse or charitable institution in accordance with the board's rules and regulations; (10) the sale, transfer, merger or consolidation of all or part of the business of a retail pharmacy or pharmacies from or with another retail pharmacy or pharmacies, whether accomplished as a purchase and sale of stock or business assets, in accordance with the board's rules and regulations; (11) the distribution of drug samples by manufacturers' and authorized distributors' representatives; (12) the sale of minimal quantities of drugs by retail pharmacies to licensed practitioners for office use; or (13) the sale or transfer from a retail pharmacy or chain pharmacy warehouse of expired, damaged, returned or recalled prescription drugs to the original manufacturer, originating wholesale distributor or to a third party returns processor in accordance with the board's rules and regulations.

Sec. 31. K.S.A. 65-1627 is hereby amended to read as follows: 65-1627. (a) The board may revoke, suspend, place in a probationary status or deny a renewal of any license of any pharmacist upon a finding that:

(1) The license was obtained by fraudulent means;

(2) the licensee has been convicted of a felony and the licensee fails to show that the licensee has been sufficiently rehabilitated to warrant the public trust;

(3) the licensee is found by the board to be guilty of unprofessional conduct or professional incompetency;

(4) the licensee is addicted to the liquor or drug habit to such a degree as to render the licensee unfit to practice the profession of pharmacy;

(5) the licensee has violated a provision of the federal or state food, drug and cosmetic act, the uniform controlled substances act of the state of Kansas, or any rule and regulation adopted under any such act;

(6) the licensee is found by the board to have filled a prescription not in strict accordance with the directions of the practitioner or a mid-level practitioner;

(7) the licensee is found to be mentally or physically incapacitated to such a degree as to render the licensee unfit to practice the profession of pharmacy;

(8) the licensee has violated any of the provisions of the pharmacy act of the state of Kansas or any rule and regulation adopted by the board pursuant to the provisions of such pharmacy act;

(9) the licensee has failed to comply with the requirements of the board relating to the continuing education of pharmacists;

(10) the licensee as a pharmacist in charge or consultant pharmacist under the provisions of subsection (c) or (d) of K.S.A. 65-1648 and amendments thereto has failed to comply with the requirements of sub-

section (c) or (d) of K.S.A. 65-1648 and amendments thereto;

(11) the licensee has knowingly submitted a misleading, deceptive, untrue or fraudulent misrepresentation on a claim form, bill or statement;

(12) the licensee has had a license to practice pharmacy revoked, suspended or limited, has been censured or has had other disciplinary action taken, or voluntarily surrendered the license after formal proceedings have been commenced, or has had an application for license denied, by the proper licensing authority of another state, territory, District of Columbia or other country, a certified copy of the record of the action of the other jurisdiction being conclusive evidence thereof;

(13) the licensee has self-administered any controlled substance without a practitioner's prescription order or a mid-level practitioner's prescription order; or

(14) the licensee has assisted suicide in violation of K.S.A. 21-3406 and amendments thereto as established by any of the following:

(A) A copy of the record of criminal conviction or plea of guilty for a felony in violation of K.S.A. 21-3406 and amendments thereto.

(B) A copy of the record of a judgment of contempt of court for violating an injunction issued under K.S.A. ~~2002 Supp.~~ 60-4404 and amendments thereto.

(C) A copy of the record of a judgment assessing damages under K.S.A. ~~2002 Supp.~~ 60-4405 and amendments thereto; or

(15) the licensee has failed to furnish the board, its investigators or its representatives any information legally requested by the board.

(b) In determining whether or not the licensee has violated subsection (a)(3), (a)(4), (a)(7) or (a)(13), the board upon reasonable suspicion of such violation has authority to compel a licensee to submit to mental or physical examination or drug screen, or any combination thereof, by such persons as the board may designate. To determine whether reasonable suspicion of such violation exists, the investigative information shall be presented to the board as a whole. Information submitted to the board as a whole and all reports, findings and other records shall be confidential and not subject to discovery by or release to any person or entity. The licensee shall submit to the board a release of information authorizing the board to obtain a report of such examination or drug screen, or both. A person affected by this subsection shall be offered, at reasonable intervals, an opportunity to demonstrate that such person can resume the competent practice of pharmacy with reasonable skill and safety to patients. For the purpose of this subsection, every person licensed to practice pharmacy and who shall accept the privilege to practice pharmacy in this state by so practicing or by the making and filing of a renewal application to practice pharmacy in this state shall be deemed to have consented to submit to a mental or physical examination or a drug screen, or any combination thereof, when directed in writing by the board and further to have waived all objections to the admissibility of the testimony, drug screen or examination report of the person conducting such examination or drug screen, or both, at any proceeding or hearing before the board on the ground that such testimony or examination or drug screen report constitutes a privileged communication. In any proceeding by the board pursuant to the provisions of this subsection, the record of such board proceedings involving the mental and physical examination or drug screen, or any combination thereof, shall not be used in any other administrative or judicial proceeding.

(c) The board may temporarily suspend or temporarily limit the license of any licensee in accordance with the emergency adjudicative proceedings under the Kansas administrative procedure act if the board determines that there is cause to believe that grounds exist for disciplinary action under subsection (a) against the licensee and that the licensee's continuation in practice would constitute an imminent danger to the public health and safety.

(d) The board may suspend, revoke, place in a probationary status or deny a renewal of any retail dealer's permit issued by the board when information in possession of the board discloses that such operations for which the permit was issued are not being conducted according to law or the rules and regulations of the board.

(e) The board may revoke, suspend, place in a probationary status or deny a renewal of the registration of a pharmacy upon a finding that: (1) Such pharmacy has been operated in such manner that violations of the provisions of the pharmacy act of the state of Kansas or of the rules and

regulations of the board have occurred in connection therewith; (2) the owner or any pharmacist employed at such pharmacy is convicted, subsequent to such owner's acquisition of or such employee's employment at such pharmacy, of a violation of the pharmacy act or uniform controlled substances act of the state of Kansas, or the federal or state food, drug and cosmetic act; (3) the owner or any pharmacist employed by such pharmacy has fraudulently claimed money for pharmaceutical services; or (4) the registrant has had a registration revoked, suspended or limited, has been censured or has had other disciplinary action taken, or an application for registration denied, by the proper registering authority of another state, territory, District of Columbia or other country, a certified copy of the record of the action of the other jurisdiction being conclusive evidence thereof.

(f) A registration to manufacture ~~or~~ *drugs,* to distribute at wholesale a drug*, to sell durable medical equipment* or a registration for the place of business where any such operation is conducted may be suspended, revoked, placed in a probationary status or the renewal of such registration may be denied by the board upon a finding that the registrant or the registrant's agent: (1) Has materially falsified any application filed pursuant to or required by the pharmacy act of the state of Kansas; (2) has been convicted of a felony under any federal or state law relating to the manufacture or distribution of drugs; (3) has had any federal registration for the manufacture or distribution of drugs suspended or revoked; (4) has refused to permit the board or its duly authorized agents to inspect the registrant's establishment in accordance with the provisions of K.S.A. 65-1629 and amendments thereto; (5) has failed to keep, or has failed to file with the board or has falsified records required to be kept or filed by the provisions of the pharmacy act of the state of Kansas or by the board's rules and regulations; or (6) has violated the pharmacy act of the state of Kansas or rules and regulations adopted by the state board of pharmacy under the pharmacy act of the state of Kansas or has violated the uniform controlled substances act or rules and regulations adopted by the state board of pharmacy under the uniform controlled substances act.

(g) Orders under this section, and proceedings thereon, shall be subject to the provisions of the Kansas administrative procedure act.

Sec. 32. K.S.A. 2006 Supp. 65-1635a is hereby amended to read as follows: 65-1635a. (a) A pharmacist *or a pharmacy student or intern who is working under the direct supervision and control of a pharmacist* may administer vaccine to a person 18 years of age or older pursuant to a vaccination protocol if the pharmacist*, pharmacy student or intern* has successfully completed a course of study and training, approved by the accreditation council for pharmacy or the board, in vaccination storage, protocols, injection technique, emergency procedures and recordkeeping *and has taken a course in cardiopulmonary resuscitation (CPR) and has a current CPR certificate when administering vaccine*. A pharmacist *or pharmacy student or intern* who successfully completes such a course of study and training shall maintain proof of completion and, upon request, provide a copy of such proof to the board.

(b) All vaccinees will be given a written immunization record for their personal files. The administering pharmacist *or pharmacist supervising an administering pharmacy student or intern* shall promptly report a record of the immunization to the vaccinee's primary-care provider by electronic facsimile or mail. If the vaccinee does not have a primary care provider, then the administering pharmacist *or pharmacist supervising an administering pharmacy student or intern* shall promptly report a record of the immunization to the person licensed to practice medicine and surgery by the state board of healing arts who has entered into the vaccination protocol with the pharmacist. The immunization will also be reported to appropriate county or state immunization registries.

(c) A pharmacist*, pharmacy student or intern* may not delegate to any person the authority granted under this act to administer a vaccine.

(d) This section shall be a part of and supplemental to the pharmacy act of the state of Kansas.

Sec. 33. K.S.A. 2006 Supp. 65-1643 is hereby amended to read as follows: 65-1643. It shall be unlawful:

(a) For any person to operate, maintain, open or establish any pharmacy within this state without first having obtained a registration from the board. Each application for registration of a pharmacy shall indicate the person or persons desiring the registration, including the pharmacist

in charge, as well as the location, including the street name and number, and such other information as may be required by the board to establish the identity and exact location of the pharmacy. The issuance of a registration for any pharmacy shall also have the effect of permitting such pharmacy to operate as a retail dealer without requiring such pharmacy to obtain a retail dealer's permit. On evidence satisfactory to the board: (1) That the pharmacy for which the registration is sought will be conducted in full compliance with the law and the rules and regulations of the board; (2) that the location and appointments of the pharmacy are such that it can be operated and maintained without endangering the public health or safety; (3) that the pharmacy will be under the supervision of a pharmacist, a registration shall be issued to such persons as the board shall deem qualified to conduct such a pharmacy.

(b) For any person to manufacture within this state any drugs except under the personal and immediate supervision of a pharmacist or such other person or persons as may be approved by the board after an investigation and a determination by the board that such person or persons is qualified by scientific or technical training or experience to perform such duties of supervision as may be necessary to protect the public health and safety; and no person shall manufacture any such drugs without first obtaining a registration so to do from the board. Such registration shall be subject to such rules and regulations with respect to requirements, sanitation and equipment, as the board may from time to time adopt for the protection of public health and safety.

(c) For any person to distribute at wholesale any drugs without first obtaining a registration so to do from the board.

(d) For any person to sell or offer for sale at public auction or private sale in a place where public auctions are conducted, any drugs without first having obtained a registration from the board so to do, and it shall be necessary to obtain the permission of the board in every instance where any of the products covered by this section are to be sold or offered for sale.

(e) For any person to in any manner distribute or dispense samples of any drugs without first having obtained a permit from the board so to do, and it shall be necessary to obtain permission from the board in every instance where the samples are to be distributed or dispensed. Nothing in this subsection shall be held to regulate or in any manner interfere with the furnishing of samples of drugs to duly licensed practitioners, to mid-level practitioners, to pharmacists or to medical care facilities.

(f) Except as otherwise provided in this subsection (f), for any person operating a store or place of business to sell, offer for sale or distribute any drugs to the public without first having obtained a registration or permit from the board authorizing such person so to do. No retail dealer who sells 12 or fewer different nonprescription drug products shall be required to obtain a retail dealer's permit under the pharmacy act of the state of Kansas or to pay a retail dealer new permit or permit renewal fee under such act. It shall be lawful for a retail dealer who is the holder of a valid retail dealer's permit issued by the board or for a retail dealer who sells 12 or fewer different nonprescription drug products to sell and distribute nonprescription drugs which are prepackaged, fully prepared by the manufacturer or distributor for use by the consumer and labeled in accordance with the requirements of the state and federal food, drug and cosmetic acts. Such nonprescription drugs shall not include: (1) A controlled substance; (2) a prescription-only drug; or (3) a drug product intended for human use by hypodermic injection; but such a retail dealer shall not be authorized to display any of the words listed in subsection ~~(u)~~ *(dd)* of K.S.A. 65-1626 and amendments thereto, for the designation of a pharmacy or drugstore.

(g) For any person to sell any drugs manufactured and sold only in the state of Kansas, unless the label and directions on such drugs shall first have been approved by the board.

(h) For any person to operate an institutional drug room without first having obtained a registration to do so from the board. Such registration shall be subject to the provisions of K.S.A. 65-1637a and amendments thereto and any rules and regulations adopted pursuant thereto.

(i) For any person to be a pharmacy student without first obtaining a registration to do so from the board, in accordance with rules and regulations adopted by the board, and paying a pharmacy student registration fee of $25 to the board.

(j) For any person to operate a veterinary medical teaching hospital pharmacy without first having obtained a registration to do so from the board. Such registration shall be subject to the provisions of K.S.A. 65-1662 and amendments thereto and any rules and regulations adopted pursuant thereto.

(k) For any person to sell or distribute in a pharmacy a controlled substance designated in subsection (e) or (f) of K.S.A. 65-4113, and amendments thereto, unless:

(1) (A) Such controlled substance is sold or distributed by a licensed pharmacist, a registered pharmacy technician or a pharmacy intern or clerk supervised by a licensed pharmacist; and

(B) any person purchasing, receiving or otherwise acquiring any such controlled substance produces a photo identification showing the date of birth of the person and signs a log. The log or database required by the board shall be available for inspection during regular business hours to the board of pharmacy and any law enforcement officer; or

(2) there is a lawful prescription.

(l) For any person to sell or distribute in a pharmacy four or more packages or containers of any controlled substance designated in subsection (e) or (f) of K.S.A. 65-4113, and amendments thereto, to a specific customer within any seven-day period.

(m) For any person to sell or lease or offer for sale or lease durable medical equipment without first obtaining a registration from the board, in accordance with rules and regulations adopted by the board, except that this subsection shall not apply to:

(1) Sales not made in the regular course of the person's business; or

(2) sales by charitable organizations exempt from federal income taxation pursuant to the internal revenue code of 1986, as amended.

Sec. 34. K.S.A. 65-1645 is hereby amended to read as follows: 65-1645. (a) Application for registrations or permits under K.S.A. 65-1643 and amendments thereto shall be made on a form prescribed and furnished by the board. Applications for registration to distribute at wholesale any drugs shall contain such information as may be required by the board in accordance with the provisions of K.S.A. 65-1655 and amendments thereto. The application shall be accompanied by the fee prescribed by the board under the provisions of this section. When such application and fees are received by the executive secretary of the board on or before the due date, such application shall have the effect of temporarily renewing the applicant's registration or permit until actual issuance or denial of the renewal. However, if at the time of filing a proceeding is pending before the board which may result in the suspension, probation, revocation or denial of the applicant's registration or permit, the board may declare, by emergency order, that such application for renewal shall not have the effect of temporarily renewing such applicant's registration or permit. Separate applications shall be made and separate registrations or permits issued for each separate place at which is carried on any of the operations for which a registration or permit is required by K.S.A. 65-1643 and amendments thereto except that the board may provide for a single registration for a business entity registered to manufacture any drugs or registered to distribute at wholesale any drugs and operating more than one facility within the state, or for a parent entity with divisions, subsidiaries or affiliate companies, or any combination thereof, within the state when operations are conducted at more than one location and there exists joint ownership and control among all the entities.

(b) The nonrefundable fees required for the issuing of the licenses, registrations or permits under the pharmacy act of the state of Kansas shall be fixed by the board as herein provided, subject to the following:

(1) Pharmacy, new registration not more than $150, renewal not more than $125;

(2) pharmacist, new license by examination not more than $350;

(3) pharmacist, reinstatement application fee not more than $250;

(4) pharmacist, biennial renewal fee not more than $200;

(5) pharmacist, evaluation fee not more than $250;

(6) pharmacist, reciprocal licensure fee not more than $250;

(7) pharmacist, penalty fee, not more than $500;

(8) manufacturer, new registration not more than $500, renewal not more than $400;

(9) wholesaler, new registration not more than $500, renewal not

more than $400, except that a wholesaler dealing exclusively in nonprescription drugs, the manufacturing, distributing or dispensing of which does not require registration under the uniform controlled substances act, shall be assessed a fee for registration and reregistration not to exceed $50;

(10) special auction not more than $50;

(11) samples distribution not more than $50;

(12) institutional drug room, new registration not more than $40, renewal not more than $35;

(13) retail dealer selling more than 12 different nonprescription drug products, new permit not more than $12, renewal not more than $12;

(14) certification of grades for each applicant for examination and registration not more than $25; ~~or~~

(15) veterinary medical teaching hospital pharmacy, new registration not more than $40, renewal not more than $35*; or*

(16) durable medical equipment registration fee, not more than $300.

(c) For the purpose of fixing fees, the board may establish classes of retail dealers' permits for retail dealers selling more than 12 different nonprescription drug products, and the board may fix a different fee for each such class of permit.

(d) The board shall determine annually the amount necessary to carry out and enforce the provisions of this act for the next ensuing fiscal year and shall fix by rules and regulations the fees authorized for such year at the sum deemed necessary for such purposes. The fees fixed by the board under this section immediately prior to the effective date of this act shall continue in effect until different fees are fixed by the board by rules and regulations as provided under this section.

(e) The board may deny renewal of any registration or permit required by K.S.A. 65-1643 and amendments thereto on any ground which would authorize the board to suspend, revoke or place on probation a registration or permit previously granted pursuant to the provisions of K.S.A. 65-1643 and amendments thereto. Registrations and permits issued under the provisions of K.S.A. 65-1643 and 65-1644 and amendments thereto shall be conspicuously displayed in the place for which the registration or permit was granted. Such registrations or permits shall not be transferable. All such registrations and permits except retail dealer permits shall expire on June 30 following date of issuance. Retail dealers' permits shall expire on the last day of February. All registrations and permits shall be renewed annually. Application blanks for renewal of registrations and permits shall be mailed by the board to each registrant or permittee at least 30 days prior to expiration of the registration or permit. If application for renewal is not made before 30 days after such expiration, the existing registration or permit shall lapse and become null and void on the date of its expiration, and no new registration or permit shall be granted except upon payment of the required renewal fee plus a penalty equal to the renewal fee. Failure of any registrant or permittee to receive such application blank shall not relieve the registrant or permittee from the penalty hereby imposed if the renewal is not made as prescribed.

(f) In each case in which a license of a pharmacist is issued or renewed for a period of time less than two years, the board shall prorate to the nearest whole month the license or renewal fee established pursuant to ~~K.S.A. 65-1645 and amendments thereto~~ *this section*.

(g) The board may require that fees paid for any examination under the pharmacy act of the state of Kansas be paid directly to the examination service by the person taking the examination.

Sec. 35. K.S.A. 65-1655 is hereby amended to read as follows: 65-1655. (a) The board shall require an applicant for registration to distribute at wholesale any drugs under K.S.A. 65-1643 and amendments thereto, or an applicant for renewal of such a registration, to provide the following information:

(1) The name, full business address and telephone number of the applicant;

(2) all trade or business names used by the applicant;

(3) addresses, telephone numbers, and the names of contact persons for all facilities used by the applicant for the storage, handling and distribution of prescription drugs;

(4) the type of ownership or operation of the applicant;

(5) the name of the owner or operator, or both, of the applicant, including:

(A) If a person, the name of the person;

(B) if a partnership, the name of each partner, and the name of the partnership;

(C) if a corporation, the name and title of each corporate officer and director, the corporate names and the name of the state of incorporation;

(D) if a sole proprietorship, the full name of the sole proprietor and the name of the business entity; and

(6) such other information as the board deems appropriate. Changes in any information in this subsection (a) shall be submitted to the board as required by such board.

(b) In reviewing the qualifications for applicants for initial registration or renewal of registration to distribute at wholesale any drugs, the board shall consider the following factors:

(1) Any convictions of the applicant under any federal, state or local laws relating to drug samples, wholesale or retail drug distribution or distribution of controlled substances;

(2) any felony convictions of the applicant under federal or state laws;

(3) the applicant's past experience in the manufacture or distribution of prescription drugs, including controlled substances;

(4) the furnishing by the applicant of false or fraudulent material in any application made in connection with drug manufacturing or distribution;

(5) suspension or revocation by federal, state or local government of any license or registration currently or previously held by the applicant for the manufacture or distribution of any drugs, including controlled substances;

(6) compliance with registration requirements under previously granted registrations, if any;

(7) compliance with requirements to maintain or make available to the board or to federal state or local law enforcement officials those records required by federal food, drug and cosmetic act, and rules and regulations adopted pursuant thereto; and

(8) any other factors or qualifications the board considers relevant to and consistent with the public health and safety.

(c) After consideration of the qualifications for applicants for registration to distribute at wholesale any drugs, the board may deny an initial application for registration or application for renewal of a registration if the board determines that the granting of such registration would not be in the public interest. The authority of the board under this subsection to deny a registration to distribute at wholesale any drugs shall be in addition to the authority of the board under subsection (e) of K.S.A. 65-1627 and amendments thereto or subsection (e) of K.S.A. 65-1645 and amendments thereto.

(d) The board by rules and regulations shall require that personnel employed by persons registered to distribute at wholesale any drugs have appropriate education or experience, or both, to assume responsibility for positions related to compliance with state registration requirements.

(e) The board by rules and regulations may implement this section to conform to any requirements of the federal prescription drug marketing act of 1987 (21 U.S.C. 321 et seq.) in effect on the effective date of this act.

(f) Each facility that engages in wholesale distribution must undergo an inspection by the board or a third party recognized by the board to inspect and accredit wholesale distributors for the purpose of inspecting the wholesale distribution operations prior to initial registration and periodically thereafter in accordance with a schedule to be determined by the board but not less than once every three years. The board shall have the authority to waive registration requirements for wholesale distributors that are accredited by an accrediting agency approved by the board. The board shall adopt rules and regulations to establish standards and requirements for the issuance and maintenance of a wholesale distributor registration, including inspections of wholesale distributor facilities domiciled in the state.

(1) Individual or third party inspectors must demonstrate to the board that they have received training or demonstrate familiarity with the inspection standards. Evidence such as a letter of certification from a training program, notice from the inspector's employing third party organization or other means recognized by the board shall be accepted as meeting the requirement.

(2) The board may register a wholesale distributor that is licensed or registered under the laws of another state if:

(A) The requirements of that state are deemed by the board to be substantially equivalent; or

(B) the applicant is inspected and accredited by a third party recognized and approved by the board.

(g) A person licensed or approved by the federal food and drug administration to engage in the manufacture of drugs or devices engaged in wholesale distribution need only satisfy the minimum federal requirements for licensure provided in federal food and drug administration regulations 21 C.F.R. Part 205 to provide wholesale distribution services.

(h) The board by rule and regulation shall establish standards and requirements for the issuance and maintenance of a wholesale distributor registration, including, but not limited to, requirements regarding the following: (1) An application and renewal fee; (2) a surety bond; (3) registration and periodic inspections; (4) certification of a designated representative; (5) designation of a registered agent; (6) storage of drugs and devices; (7) handling, transportation and shipment of drugs and devices; (8) security; (9) examination of drugs and devices and treatment of those found to be unacceptable as defined by the board; (10) due diligence regarding other wholesale distributors; (11) creation and maintenance of records, including transaction records; and (12) procedures for operation.

~~(f)~~ *(i)* This section shall be part of and supplemental to the pharmacy act of the state of Kansas.

Sec. 36. K.S.A. 39-719d, 40-2123, 46-2601, 65-1,172, 65-1627, 65-1645, 65-1655 and 65-3505 and K.S.A. 2006 Supp. 60-4403, 65-180, 65-1626, 65-1626c, 65-1635a, 65-1643, 65-2901, 65-2912, 75-2973, 75-4319 and 75-7408 are hereby repealed.

Sec. 37. This act shall take effect and be in force from and after its publication in the Kansas register.

Approved May 10, 2007.

Published in the *Kansas Register* May 17, 2007.